

FRANCHISE DISCLOSURE DOCUMENT



SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

(a Delaware corporation)

8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109

(925)390-5505

www.skinexperts.com

You will operate a business that offers skincare services and products to the public using the SKIN EXPERTS by Brentwood Spa® business system. The total investment necessary to begin operation of a SKIN EXPERTS by Brentwood Spa® franchise is \$585,600 to \$865,100 for a new location and \$375,100 to \$596,100 for the conversion of an existing location. This includes \$74,500 to \$105,000 that you must pay to us or our affiliates for a new location and \$69,500 to \$100,000 that you must pay to us or our affiliates for the conversion of an existing location.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Shaya Mulcahy, Chief Operating Officer by phone at (925)390-5505 by mail at 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109 or by email at franchise@skinexperts.com.

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

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

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

Issuance Date: February 5, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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 us by mediation and arbitration only in New York, New York. Out-of-State mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or arbitrate with us in New York 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.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
7. **Use of Franchise Brokers.** The Franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the Franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the Franchisor's current and former franchisees to ask them about their experience with the Franchisor.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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

Definitions

To simplify this disclosure document (“**Disclosure Document**”), “**we**” or “**us**” means Skin Experts By Brentwood Spa Franchise Inc., the franchisor. “**You**” means the individual or business entity, such as a partnership, limited liability company, or corporation that is buying the franchise and, if you are an entity, it includes your owners all of whom must agree to be liable for your obligations. “**Principal Owner**” means the owner of a business entity who will have primary responsibility for franchise operations. “**Franchise Agreement**” means the franchise agreement you enter with us, the form of which can be found in Exhibit A to this Disclosure Document.

The Franchisor

We are a Delaware corporation formed on January 16, 2024 for the purpose of offering SKIN EXPERTS by Brentwood Spa® franchises (each a “**Franchised Business**”). Our principal business address is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. Our phone number is (925)390-5505. We do business under our corporate name and the name “Skin Experts” pursuant to a trademark license from our affiliate, Brentwood Spa Trademark Inc., a Delaware corporation (“**BSTI**”). We began offering franchises in 2024. We do not operate any businesses of the type being franchised and we do not offer any other franchises in any other lines of business. We have no prior business activities and no current business activities other than offering SKIN EXPERTS by Brentwood Spa® franchises. The addresses for our agents for service of process are attached as Exhibit E to this Disclosure Document.

Our Parents, Predecessors and Affiliates

We are a wholly-owned subsidiary of Kul Holdings Inc. which was incorporated on July 28, 2021 in Delaware (“**Kul Holdings**”). The principal business address of Kul Holdings is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. Kul Holdings is a holding company.

Our affiliate company, BSTI, owns the trademarks that we license to you. Its principal business address is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. BSTI has never operated a SKIN EXPERTS by Brentwood Spa® business. It does not offer SKIN EXPERTS by Brentwood Spa® franchises or franchises in any other line of business.

Our affiliate company, Brentwood Spa Inc. (“**BSI**”), operates SKIN EXPERTS by Brentwood Spa® businesses. Its principal business address is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. BSI has operated SKIN EXPERTS by Brentwood Spa® businesses since 2022 and currently has 3 locations. It does not offer SKIN EXPERTS by Brentwood Spa® franchises or franchises in any other line of business. We may provide you with training at one of BSI’s locations.

Our affiliate company, Shelley Hancock Consulting Inc. (“**SHCI**”), will sell skincare equipment and provide training on its use to you. Its principal business address is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. SHCI has never operated a SKIN EXPERTS by Brentwood Spa® business. It does not offer SKIN EXPERTS by Brentwood Spa® franchises or franchises in any other line of business.

Our affiliate company, Skin Experts Pro By Brentwood Spa Inc. (“**SEPI**”), will sell skincare products to you. Its principal business address is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. SEPI has never operated a SKIN EXPERTS by Brentwood Spa® business. It does not offer SKIN EXPERTS by Brentwood Spa® franchises or franchises in any other line of business.

We subcontract certain services to our affiliates as indicated above. However, we are solely responsible for performing all of our obligations under the terms of the Franchise Agreement and therefore, in the event of a breach of any terms of the Franchise Agreement, you are to contact us at our principal place of business, 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109.

The Franchise

Under the Franchise Agreement, you will operate a business using the SKIN EXPERTS by Brentwood Spa® business system (the “**System**”). The System involves a marketing plan and system for the development, opening and operation of a skincare spa at a single location which may be your existing business location or a new location, in each case renovated or built to meet our standards and specifications (the “**Spa**”). You will provide skincare services, including facials, sell our proprietary line of QUL skincare products, skincare related equipment and devices, and other personal care products, to the public at reasonable prices.

Our preference is that the Spa is in a Class A or B retail center, has 4 to 10 rooms, and has 1,400 to 2,500 square feet of space. However, we may make exceptions, including if you have an existing spa that is suitable for conversion to the System (a “**conversion location**”).

The System includes a strong brand image, training and coaching programs, skincare procedures, specialized equipment to be used by you, customer service standards and procedures, membership programs, customer promotions, advertising and marketing requirements, all of which we designate, and which may be changed, improved, or further developed.

The Franchise Agreement gives you the right to operate the Spa under the name and mark SKIN EXPERTS by Brentwood Spa® and all other current or future trade names, service marks, trademarks and related logos that we designate as part of the System. You must operate the Spa in accordance with the standards and procedures that we establish, including those in our SKIN EXPERTS by Brentwood Spa® System Manual (the “**Manual**”), which we may change during the term of the Franchise Agreement.

You may purchase more than one franchise, only if we believe you have the requisite management capability and financial strength.

The Franchise Agreement requires that you achieve annual minimum Gross Sales (as defined in Item 6). These minimums are known as the Minimum Performance Requirements. If you acquire an existing Franchised Business, whether you are entering into a new Franchise Agreement or you are being assigned the existing Franchise Agreement, your Minimum Performance Requirements will be established based on the Minimum Performance Requirements of the Franchised Business at the time of the transfer.

General Description of the Market and Competition

The market for skincare services and related products is well developed and highly competitive. You will compete with both high-end and budget salons and spas, including other franchised systems. Skincare products, skincare related equipment and devices, and other personal care products are also sold at retail locations and over the Internet. Spa visits may decline in the summer when people traditionally take vacation. Spa visits may also decline due to whether events, such as snowstorms and hurricanes.

Industry Specific Laws and Regulations

You must comply with all applicable federal, state and local laws and regulations, including, without limitation, the following industry specific laws and regulations.

Your estheticians must be licensed estheticians in the state where you operate, and you must comply with applicable cosmetology' and esthetics' regulations. You must comply with all municipal, county, and state regulations relating to the operation of salons and spas, including applicable health and sanitation regulations. Environmental laws may regulate the use, storage, and disposal of certain products used in providing skincare services. You may also be required to install special ventilation under local building codes.

The Spa may require zoning or land use approvals, sales and use tax permits, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses, and wastewater discharge permits.

You are responsible for knowing and complying with all licensing requirements, laws, and regulations related to the development and operation of the Spa. We strongly recommend that you consult with your own counsel concerning all applicable licenses, laws, and regulations before you decide to purchase a franchise. You should also consult with counsel during the term of the Franchise Agreement because these licensing requirements, laws and regulations may change.

ITEM 2. BUSINESS EXPERIENCE

Name	Business Experience
Jessica Gable President and Chief Sales Officer	Jessica Gable has been President of Skin Experts By Brentwood Spa Franchise Inc. since January 2024. She has also been President and Chief Sales Officer of our affiliate,

	Kul Holding Inc., in Revelstoke, British Columbia from February 2022 to the present. From March 2017 to the present, Jessica has worked as a Business and Life Coach for Jessica Gable Coaching and Consulting in Revelstoke, British Columbia.
Shaya Mulcahy Director and Chief Operating Officer	Shaya Mulcahy has been Director and Chief Operating Officer of Skin Experts By Brentwood Spa Franchise Inc. since January 2024. She has also been President and Treasurer of our affiliates, Brentwood Spa Inc. since October 2021, Shelley Hancock Consulting Inc. since January 2022, Skin Experts Pro By Brentwood Spa Inc. since February 2023 and Brentwood Spa Trademark Inc. since December 2021, all in San Diego, California. From November 2017 to the present, Shaya has been the Chief Operating Officer of The Integrated Film Company, LP in New York, New York.
Greg Mitchell Chief Financial Officer	Greg Mitchell has been Chief Financial Officer of Skin Experts By Brentwood Spa Franchise Inc. since January 2024. He has also worked in finance for our affiliate, Kul Holding Inc., in Livermore, California from November 2021 to present. Greg previously worked as an accountant for Mitchell Advisory Services in Livermore, California from October 2018 to November 2021.
Tim Mulcahy Consultant	Tim Mulcahy has been a business and sales consultant to Skin Experts By Brentwood Spa Franchise Inc., since January 2024, in Toronto, Ontario. From July 2021 to the present, he has been Executive Chairman of our parent, Kul Holding Inc., in Toronto, Ontario. He has also been corporate Secretary for our affiliates, Brentwood Spa Inc. since October 2021, Shelley Hancock Consulting Inc. since January 2022, and Skin Experts Pro By Brentwood Spa Inc. since February 2023 Brentwood Spa Trademark Inc. since December 2021, all in Toronto, Ontario. From February 2014 to the present, he has been CEO of Ontario Wholesale Energy Gas & Electric in Toronto, Ontario. From March 2022 to the present, he has also been President of Canadian Water Savings Inc. and American Water Savings Inc. in Toronto, Ontario.

Shelley Hancock Consultant	Shelley Hancock has been a skincare equipment and training consultant to Skin Experts By Brentwood Spa Franchise Inc., since January 2024, in Brentwood, California. From December 2014 to the present, she has been President of Shelley Hancock Consulting Inc. in Brentwood, California.
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ITEM 3. LITIGATION

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

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

We charge a non-recurring initial franchise fee of \$39,500 for a new location or \$34,500 for a conversion location for each unit franchise (the “**Initial Franchise Fee**”). We reserve the right to increase or decrease the Initial Franchise Fee for any particular Territory based upon factors we deem appropriate, including its demographics, or to achieve market penetration in certain markets. The Initial Franchise Fee is not uniform. We did not sell any franchises in our last fiscal year; therefore, we cannot report the range of Initial Franchise Fees charged by us.

The Initial Franchise Fee is payable at the time of execution of the Franchise Agreement. The Initial Franchise Fee is deemed to be fully earned and is non-refundable in whole or in part (except as provided below) upon execution of the Franchise Agreement.

If, in our reasonable opinion, your participation in the Initial Training Program (as defined in Item 11) demonstrates your inability to adequately manage and operate the Franchised Business, we may, in our sole discretion, terminate the Franchise Agreement. In the event of such termination, we will refund \$10,000 of the Initial Franchise Fee to you, within seven days after the effective date of termination.

If you do not identify a location acceptable to us in writing during the Site Approval Period (as defined in Item 11), either you or we may terminate the Franchise Agreement and we will refund you \$10,000 of the Initial Franchise Fee to you, within seven days after the effective date of termination.

On-Site Evaluation Fee

We do not charge a fee for the first on-site evaluation that we conduct for a particular Franchised Business, however, if we require, or if you request, any additional on-site evaluations with respect to the same Franchised Business, you will pay to us, in addition to our travel and living expenses, \$500 per on-site evaluation. An on-site evaluation is necessary if the information you provide to us is inadequate for us to approve or disapprove of the proposed location. The on-site evaluation fee is payable in advance of our performing the additional on-site evaluation and is non-refundable. Our travel and living expenses are payable to us when incurred.

Pre-Opening Equipment and Inventory

You must purchase certain skincare equipment and devices for use at the Spa from our affiliate, SHCI, prior to opening. We estimate that the equipment and devices will cost between \$15,000 and \$30,000 depending on the size of the Spa and the type of equipment and devices you have if you are an existing spa.

You must purchase an opening inventory (including our QUL branded skincare products for use at the Spa and for resale and certain skincare equipment and devices for resale) from our affiliates, SEPI and SHCI, prior to opening. We estimate that this opening inventory will cost between \$20,000 and \$35,000 depending of the size of the Spa.

Deferral

Certain states may require that we defer or escrow the Initial Franchise Fee until our initial obligations are met. See the State-Specific Addenda/Amendments attached in Exhibit A to this Disclosure Document.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks ¹⁻⁶
Continuing Fee	\$1,500 per month	Monthly, on the 1st of each month, starting when you open for business.	The Continuing Fee will be increased on January 1st of each year by the rate of inflation for the preceding year, as measured by the Consumer Price Index published by the U.S. Bureau of Labor Statistics or similar index selected by us if the U.S. Bureau of Labor Statistics no longer publishes such index.

Type of Fee	Amount	Due Date	Remarks¹⁻⁶
Inventory	Will depend on your level of sales	Payable to our affiliates prior to shipment	You will have to replenish your inventory of skincare equipment, devices and products for resale throughout the term of the Franchise Agreement. You may also have to purchase replacement equipment and devices from time to time. You will have to replenish your inventory of skincare products for use at the Spa.
Insufficient Fund Fee	\$100 plus our actual costs and expenses	Payable upon each instance where our collection of amounts due from you is returned for insufficient funds.	
Late Report Fee	\$100 per week	Payable each week following the due date of any report required by us.	
General Branding Fund	Up to 2% of Gross Sales, if and when implemented	Monthly, on the 15th of each month.	Used to create regional and national branding for the System and will not be used to defray our general costs, except for salaries, administrative costs and overhead related to the administration, direction and operation of the General Branding Fund. As of the Issuance Date, we have not implemented the General Branding Fund.
Regional Branding Cooperative	Pro rata share (based on the number of franchises in the region) of actual costs, if and when implanted by the	Monthly, on the 15 th of each month.	We, you or other franchisees may recommend the establishment of a regional branding cooperative for the purpose of branding and promotion, including the size of the region and

Type of Fee	Amount	Due Date	Remarks¹⁻⁶
	applicable franchisees		the amount to be spent. The regional branding cooperative will be mandatory for all franchises in the region if 75% of the franchises in the region consent to it. We will administer the regional branding cooperative.
Additional Training	\$500 to \$1,500	Prior to attendance at training program.	Payable to us only in respect of additional training programs. We reserve the right to charge these fees at any time. We do not charge a fee for the Initial Training Program (See Item 11).
Renewal	The greater of \$10,000 or 20% of our then current Initial Franchise Fee	At the time of renewal.	
Audit	All actual costs and expenses associated with the audit (approximately \$1,500 to \$5,000), plus a \$10,000 fine in certain cases	Upon demand.	Audit costs payable if reports and financial information available through the computer system or furnished under the Franchise Agreement reveal inconsistencies. If the audit shows you have underreported amounts you owe us by 3% or more, or if underreporting is due to fraud, payment of under-reported amounts, plus interest, plus a fine will be charged.
Annual Convention	\$500 to \$1,000 (Per attendee)	Prior to attendance.	Payable to us if we hold an annual convention. You are also responsible for travel, room, board and salary and benefits. expenses. Whether or not you attend, at a minimum,

Type of Fee	Amount	Due Date	Remarks ¹⁻⁶
			you must pay us the annual convention fee multiplied by the number of franchise agreements you have in effect with us.
Relocation	\$10,000	At the time you make a relocation request.	This relocation fee is not refundable, even if we reject your relocation request.
Transfer	\$25,000	\$10,000 upon making a request to transfer and \$15,000 at the time of transfer.	This fee is subject to state law. You are required to obtain our consent to any transfer, which may be withheld if certain criteria are not met. Transfer includes any sale of the Franchised Business or if you are a business entity any change of more than 25% of the ownership interests. The \$10,000 payment is not refundable, whether or not you complete the transfer.
Administrative fee – Certain other ownership changes	\$500 to amend franchise agreements upon ownership changes (by individual franchisees to a business entity, from one controlled company to another, among existing franchisee business entity owners)	At time of change	You are required to obtain our consent to any transfer, which may be withheld if certain criteria are not met. This fee is charged separately from the fee applied if the ownership changes by more than 25%.
Interest	2% per month compounded (26.82% percent per annum) or the	Upon demand.	Applies to all overdue fees you owe us. Also applies to any understatement in

Type of Fee	Amount	Due Date	Remarks¹⁻⁶
	highest rate allowed by the state where you are located		amounts due revealed by an audit.
Indemnity Costs	Depends upon the size of the loss for which you are required to indemnify us	Upon demand.	You must indemnify us when certain of your actions result in a loss to us. See Sections 7(i) and 19(a), (b) and (l) of the Franchise Agreement.
Liquidated Damages	An amount equal to your Continuing Fee for the lesser of the remaining term or 36 months, plus the average monthly gross margin that we and our Affiliates made on product, equipment and device sales to you in the last six months of your operations multiplied by the lesser of the remaining months in the term or 36 months. \$25 to \$500 (per week per violation)	If we terminate the Franchise Agreement with cause or you terminate the Franchise Agreement without cause. Within 10 days of receipt of notice of violation from us.	This fee is subject to state law. These liquidated damages are payable for violations of our standards as set out in the Franchise Agreement and the Manuals.
Evaluation of a New Supplier	Our costs incurred when evaluating a potential new supplier	When incurred.	We have no obligation to approve new suppliers for the products, equipment, and devices that we resell to you.
Local and Online Marketing Fees	\$3,500 per month.	When incurred.	These fees will be used for digital marketing, advertisements in local

Type of Fee	Amount	Due Date	Remarks ¹⁻⁶
			newspapers and other publications, mall advertisings and other means describe in the Local and Online Marketing Policy.

Notes:

1. Payment Method. All re-occurring payments by you to us are to be made by electronic funds transfer as set out in the payment policy in the Manual. Electronic funds transfers are currently completed by automatic clearing house (ACH) payments. After signing the Franchise Agreement, you will immediately complete our ACH form and return it to us (the current form is attached in Exhibit A to this Disclosure Document).
2. Underpayment. No payment by you or acceptance by us of any monies under the Franchise Agreement for a lesser amount than due will be treated as anything other than a partial payment on account. Notwithstanding any designation by you, we will have sole discretion to apply any payments by you to any of your past-due indebtedness to us.
3. Right to Offset. We may offset any amount owed by you to us or our affiliates under or in connection with the Franchise Agreement or any related agreement against any payments owed by us to you under the Franchise Agreement or any related agreement. Such offsets will be in addition to any other rights or remedies available under the Franchise Agreement and applicable law.
4. Regional Advertising Cooperatives. Units that we or our affiliates own will not vote with respect to the establishment of regional advertising cooperatives nor with respect to fees associated with any regional advertising cooperatives.
5. Are Fees Uniformly Imposed. Unless otherwise indicated, all fees are payable only to us for our account and are uniformly imposed, though we retain the right to negotiate the above-listed fees with individual franchisees under unique circumstances.
6. Fees are Non-refundable. All fees are nonrefundable.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Single Unit Initial Investment

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	(Low)	(High)			
Initial Franchise Fee ¹	\$39,500 (new spa) \$34,500 (existing spa)	\$39,500 (new spa) \$34,500 (existing spa)	Wire Transfer	At signing of Franchise Agreement	Us
Continuing Fee ²	\$4,500 (for first three months after you open for business) (\$1,500 per month)	\$4,500 (for first three months after you open for business) (\$1,500 per month)	ACH Transfer	Monthly, at the 1 st of each month	Us
On-Site Evaluation Fee	\$0	\$500	Wire Transfer	Before beginning operations	Us
Initial Training Program ³	\$3,000	\$6,000	As arranged	Before beginning operations	Airlines, hotels and restaurants
Leased Premises ⁴	\$16,000 (for security deposit and first three months) (new Spa) \$12,000 (assumes you have already paid the security deposit, so just first three months) (existing Spa)	\$30,000 (for security deposit and first three months) (new Spa) \$22,500 (assumes you have already paid the security deposit, so just first three months) (existing Spa)	As arranged	Before beginning operations	Lessor
Utility Deposits ⁵	\$1,000 (new Spa) \$0 (existing Spa)	\$3,000 (new Spa) \$0 (existing Spa)	As arranged	Before beginning operations	Utility companies

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	(Low)	(High)			
Construction and Remodeling	\$350,000 (new Spa) \$150,000 (existing Spa)	\$500,000 (new Spa) \$250,000 (existing Spa)	As arranged	Before and during construction and remodeling	Architect, contractors and suppliers
Spa Equipment ⁶	\$15,000	\$30,000	As arranged	Before beginning operations	Our affiliate, suppliers
Computer Equipment, Peripherals and Software ⁷	\$2,000 (hardware) \$900 (software; for first three months)	\$5,000 (hardware) \$1,500 (software; for first three months)	As arranged	Before beginning operations	Suppliers
Furnishings	\$60,000	\$70,000	As arranged	Before beginning operations	Suppliers
Signage	\$12,000	\$20,000	As arranged	Before beginning operations	Contractors and suppliers
Inventory ⁸	\$20,000	\$35,000	Prior to shipment	Before beginning operations	Our affiliates
Supplies ⁹	\$2,000	\$3,000	As arranged	Before beginning operations	Suppliers
Pre-opening Branding and Promotion ¹⁰	\$15,000	\$20,000	As arranged	From at least 1 week before opening the Franchised Business until 3 weeks after opening the Franchised Business	Approved suppliers
Local and Online Marketing ¹¹	\$12,000 (for first three months)	\$12,000 (for first three months)	As arranged	During first 3 months of operations	Approved suppliers
Insurance ¹²	\$1,200	\$3,600	As arranged	Before construction and remodeling, and before	Approved insurer

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	(Low)	(High)			
				beginning operations	
Legal and Accounting ¹³	\$5,000 (new Spa) \$5,000 (existing Spa)	\$10,000 (new Spa) \$8,000 (existing Spa)	As arranged	Before beginning operations	Attorney, accountant
Licenses and Permits ¹⁴	\$500 (new Spa) \$0 (existing Spa)	\$1,500 (new Spa) \$0 (existing Spa)	As arranged	Before beginning operations	Licensing authorities
Employee Wages ¹⁵	\$21,000 (for first three months)	\$60,000 (for first three months)	Direct Deposit	Bi-weekly, beginning upon hiring	Employees
Additional Funds ¹⁶	\$5,000	\$10,000	As arranged	As necessary	Various
TOTAL ¹⁷	\$585,600 (new Spa) \$375,100 (existing Spa)	\$865,100 (new Spa) \$596,100 (existing Spa)			

Unless otherwise noted, all payments are non-refundable or are refundable only pursuant to any agreement between you and us or the vendor or supplier to whom you have made the payment.

Notes:

1. Initial Franchise Fee. The Initial Franchise Fee and its refund policy are described in detail in Item 5.

2. Continuing Fee. This is the Continuing Fee for your first 3 months of operations. The Continuing Fee is described in detail in Item 6.

3. Initial Training Program. Prior to the opening of the Franchised Business, we will provide you with an Initial Training Program. The Initial Training Program consist of (i) an online training course of up to 30 hours in duration which will be made available to you, and your employees as they are hired, and (ii) in-person training at one of our corporate-owned or franchised spas of up to 10 days in duration for you (or Principal Owner), your general manager and lead esthetician, which cumulatively cover all aspects of the Franchised Business. Attendance is mandatory. You may bring additional employees to the in-person training, but we reserve the right to charge additional fees for extra attendees. You are responsible for all travel and living expenses and all wages and benefits payable

to any trainee and no wages or benefits will be payable by us to any such trainee for any service rendered during training. The amount represented is our estimate of the travel, accommodation and living expenses while you (or Principal Owner), your general manager and lead esthetician, as applicable, attend in-person training. Employee wages and benefits are extra.

4. Leased Premises. You may purchase your premises, but we cannot estimate that cost. If you lease a space, your lease costs can vary based on variance in square footage, cost per square foot, required maintenance costs and location. The security deposit is typically 1 months' rent but may be more. Our preference is that the Spa is in a Class A or B retail center, has 4 to 10 rooms, and has 1,400 to 2,500 square feet of space.

5. Utility Deposits. If you are a new customer of your local utilities and are leasing space for the Franchised Business, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information. If you are converting an existing Spa, we assume that you have already made these deposits.

6. Equipment. You must purchase skincare equipment and devices for use at the Spa from our affiliate, SHCI, prior to opening, including LED Face Panels (Red and Green), Ultrasonic Spatula, Oxygen Infusion Machine, 20 HZ Pro Microcurrent, 360 Toner, DermaDisc, Eye Rollers, Glide N' Glow, Skin Energizer, Gua Sha Tool, High Frequency Ozone, Skin Enhancer, Eye & Lip Enhancer, Skin Exfoliators, LED Body Pads (Small, Medium, or Large), and Waxing Equipment.

7. Computers Equipment, Peripherals and Software. You must purchase the computers, peripherals and software necessary for operating the Franchised Business. Our specifications for computers, peripherals and software are described in Item 11. The cost of the computers and related peripherals may vary depending on the computers and related peripherals that you already own.

8. Inventory. You must purchase an opening inventory (including our QUL branded skincare products for use at the Spa and for resale and certain skincare equipment and devices for resale) from our affiliates, SEPI and SHCI, prior to opening. Products to be sold include moisturizers, cleansers, toners, SPF, serums, primers, and masks. Products for esthetic use include moisturizers, cleansers, toners, SPF, serums, primers, masks, peels, and other miscellaneous skin care products. Equipment and devices to be sold include Eye Rollers, Glide N' Glow, Skin Energizer, Gua Sha Tool, High Frequency Ozone, Skin Enhancer, Eye & Lip Enhancer, and Skin Exfoliators.

9. Supplies. You must purchase general office and cleaning supplies. Factors that may affect your cost of supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for supplies are refundable. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

10. Pre-opening Branding and Promotion. You are required to spend between \$15,000 and \$20,000 on a pre-opening and opening branding and promotional campaign for the Franchised Business during the period from at least 1 week immediately preceding the opening of the Franchised Business and until 3 weeks after the opening of the Franchised Business. These funds are paid to third party suppliers from whom you will purchase branding and promotion products and services.

11. Local and Online Marketing. Beginning on the Start Date, you are required to invest \$3,500 on local marketing initiatives, including (A) at least \$2,000 on digital marketing (e.g., Google search, Instagram), (B) advertisements in local newspapers and other publications, (C) mall advertising (e.g., digital billboards), and as otherwise prescribed in our Local and Online Marketing Policy. Your local and online marketing spending requirement does not include costs relating to the wages or commissions of salespeople. The amount represented is the local online marketing expenditure for the first 3 months of operation.

12. Insurance. You are required to obtain insurance in such minimum amounts and for such coverages as we may require. Though the insurance requirements may change, we currently require you to obtain, in addition to other coverage mandated in our Manuals, the following minimum coverage amounts (or higher limits as required by the State in which your Franchised Business will operate):

General Liability Insurance Minimums	
Professional Liability (per occurrence)	\$1,000,000
Professional Liability (aggregate)	\$2,000,000
Commercial General Liability (per occurrence)	\$1,000,000
Commercial General Liability (aggregated)	\$2,000,000
Cyber Liability	\$250,000
Sexual Misconduct and Physical Abuse Liability	\$1,000,000
Tenant Legal Liability (if applicable)	\$50,000
Employee Benefits Liability	\$1,000,000
Non-owned Auto Liability	\$1,000,000
Medical Expenses	\$5,000
Additional Insured for Mortgagees, Lenders, clients (when applicable or required)	Include in General Liability
Crime (employee theft with first and third party coverage)	\$50,000 \$2,500 max deductible

These minimum amounts and coverage specifications may be revised periodically in the Manuals to reflect inflation, general industry standards or our future experience with claims. You must provide us with certificates of insurance evidencing the prescribed coverage, naming us and our affiliates as additional insureds, and containing a cross-liability clause showing entitlement to indemnity from the insurer. The certificates of insurance must also provide that the coverage under the respective policy may not be

modified (except to increase coverage) or canceled until at least 30 days after we have received written notice of the cancellation or modification and that the coverage is primary and non-contributory. The price of insurance coverage has varied widely in recent years, but we estimate the annual premium cost to be between a low of approximately \$1,200 and a high of approximately \$3,600 for all of this insurance (per year). Employer's liability insurance is extra and you should obtain prices from your state agencies or your insurance agent or broker for it. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the leasehold improvements, equipment, number of employees and other factors. We may require you to use our approved insurance brokers and those insurance companies we designate. The amounts you pay for insurance are paid annually. You must also carry worker's compensation insurance, the cost of which will vary per state and the amount of your payroll. The amounts represented are estimates for the initial 3 months of operation and are expected to increase with the growth of the Franchised Business.

13. Legal and Accounting. We recommend that you engage an attorney, an accountant or other consultants to assist you in establishing your Franchised Business. Fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. We estimate that you may have to spend \$5,000 to \$10,000 for incorporation or formation of a business entity, initial accounting advice and legal review of the Franchise Agreement and this Disclosure Document. If you are converting an existing Spa, we assume that you already have a business entity.

14. Licenses and Permits. State and local government agencies typically charge fees for operating licenses, registration and certification. Licenses must be renewed annually. If you are converting an existing Spa, we assume that you have already obtained all licenses and permits.

15. Employee Wages. Our estimate of employee wages for the first three months does not include any salary being paid to you (if an individual) or any of your owners who may work at the Franchised Business.

16. Additional Funds. This is our estimate of miscellaneous costs not enumerated above for the first three months after you open for business. It includes utilities, cleaning costs and ordinary maintenance. We have relied on our affiliate BSIT's experience in opening its own SKIN EXPERTS by Brentwood Spa® businesses in making this estimate.

17. Total / Working Capital. You are required to have opening working capital of approximately \$20,000 to \$50,000 (of which at least 75% should consist of cash with no more than 25% being other liquid assets) to cover operating expenses in the start-up phase, including payments to us, our affiliates, other suppliers, and employees. We estimate the start-up phase to be 3 months from the Start Date.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In the event you wish to purchase any unapproved product or service that is complimentary to the approved products and services or acquire approved products or services from an unapproved supplier, you must first obtain our prior written approval. We are not required to approve any particular supplier. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate suppliers on a variety of criteria, including the quality of their products or services, price, responsiveness, ability to service the System as a whole, reputation, timeliness, and experience, scalability and alignment with our purpose and core values among others. If we create any specific policies for approving suppliers, we will communicate them to franchisees. We will consider in good faith and in a reasonable time any supplier that you would like to propose who is capable of providing goods or services meeting our requested specifications, except that we do not have to consider alternative suppliers for the products, equipment, and devices that we resell to you. We do not charge you a fee for evaluating your proposed supplier, but if our evaluation of your proposed supplier requires us to incur any cost (such as to examine a sample of that supplier's products), we may ask you to pay such costs to us when incurred by us. We will make a reasonable effort to approve or disapprove any proposed supplier within 30 days. If approval of a supplier is later revoked, we will notify you by email or such other method we determine at our discretion.

You are required to obtain insurance in such minimum amounts and for such coverages as we may require from insurers that we approve. Though the insurance requirements may change, we currently require you to obtain, in addition to other coverage mandated in our Manuals, the following minimum coverage amounts (or higher limits as required by the State in which your Franchised Business will operate):

General Liability Insurance Minimums	
Professional Liability (per occurrence)	\$1,000,000
Professional Liability (aggregate)	\$2,000,000
Commercial General Liability (per occurrence)	\$1,000,000
Commercial General Liability (aggregated)	\$2,000,000
Cyber Liability	\$250,000
Sexual Misconduct and Physical Abuse Liability	\$1,000,000
Tenant Legal Liability (if applicable)	\$50,000
Employee Benefits Liability	\$1,000,000
Non-owned Auto Liability	\$1,000,000
Medical Expenses	\$5,000
Additional Insured for Mortgagees, Lenders, clients (when applicable or required)	Include in General Liability

You are also required to obtain Worker's compensation insurance. Worker's compensation insurance will vary per state and the amount of your payroll. Employer's liability insurance is extra and you should obtain prices from your state agencies or your insurance agent or broker for it.

We require you to purchase an operating system for your computer system from Meevo and accounting software from Zero or QuickBooks, except if you use a different accounting software for your existing business and we approve its use by the Franchised Business.

You must purchase beds and other equipment for the Spa from the suppliers we designate, including our affiliates.

You must purchase all equipment, devices, and products to be sold at the Spa from us or our affiliates. We and our affiliates are entitled to make a profit on, and to retain any volume discounts that are received by us or them from any manufacturer or supplier of, products that we or our affiliates purchase and sell to you for resale, including products, equipment, and devices. However, we will not take any volume discounts, rebates or discount bonuses on any other products that we designate for use by you in the development or operation of the Franchised Business and will pass any negotiated savings on to you.

We began operations on January 16, 2024, and as of the issuance date of this Disclosure Document have not received any revenue for services or leases provided by us to franchisees, nor have our affiliates. We estimate that, in establishing your Franchised Business, your purchases or leases of goods and services made in accordance with our specifications will represent approximately 90% of all of your total purchases or leases of goods and services. Once your business is established, we estimate that, on an ongoing basis, your purchases or leases of goods and services made in accordance with our specifications will represent approximately 95% of all of your purchases or leases of goods and services. There currently are not any purchasing or distribution cooperatives in place for the purchase or lease of goods or services. We currently do not negotiate purchase arrangements with suppliers for the benefit of franchisees, but we may do so in the future.

Our affiliate, SEPI, is the sole supplier of skincare products for use by you at the Spa and for resale by you at the Spa. Our affiliate, SHCI, is the sole supplier of skincare equipment and devices for use by you at the Spa and for resale by you at the Spa. Our President, Jessica Gable, our Chief Operating Officer, Shaya Mulcahy, and our Chief Financial Officer, Greg Mitchell, each own an indirect interest in SEPI and SHCI.

We do not provide any material benefits to you if you buy from sources we approve, except that we will try to make volume purchase arrangements and will pass any savings on to you, except for equipment, devices, and products that we sell to you for resale (as discussed above).

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise	Disclosure Document Item
a. Site selection and acquisition / lease	Section 2(d); 2(e); 2(j); 2(k); 3(c)	5; 7; 11; 12
b. Pre-opening purchases / leases	Section 5(h); 7(a)	7; 8; 11; 12
c. Site development and other pre-opening requirements	Sections 2(l); 3(a); 3(c); 7(a); 9(d); 11; 12	7; 12
d. Initial and ongoing training	Sections 2(n)(ii); 5(a); 5(g)	11
e. Opening	Sections 2(n); 7(a); 9(d); 11; 12	7; 11; 12
f. Fees	Sections 3; 4; 9; 14(a)(iii)(9); 14(d)(vi); 14(e)(iv)	5; 6; 7; 11; 17
g. Compliance with standards and policies / operating manual	Sections 2(c); 6(b); 7; 8	8; 11
h. Trademarks and proprietary information	Sections 2(i); 8; 10; 13	1; 13; 14; 17
i. Restrictions on products / services offered	Sections 2(c); 7; 13	8
j. Warranty and customer service requirements	Sections 2(c); 7; 8	n/a
k. Territorial development and sales quotas	Sections 2(f); 2(g); 2(h); 6	1; 12
l. Ongoing product / service purchases	Sections 5(h); 7; 8; 11; 12	16
m. Maintenance, appearance and remodeling requirements	Sections 4(b)(viii); 7; 8	7; 17
n. Insurance	Section 12	7; 8
o. Advertising	Section 9	6; 7; 9; 11
p. Indemnification	Sections 3(c)(v); 7(m); 19(a); 19(b); 19(l)	7
q. Owner's participation / management / staffing	Sections 7; 14; 15	15
r. Records and reports	Sections 7(a)(xvi); 11	11
s. Inspections and audits	Sections 11	6
t. Transfer	Section 14	17
u. Renewal	Section 4(b)	17
v. Post-termination obligations	Section 4(c); 8; 10; 11; 13; 14; 16; 19	17
w. Non-competition covenants	Section 13	14; 17

Obligation	Section in Franchise	Disclosure Document Item
x. Dispute resolution	Section 19(t)	17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. We may arrange sources of financing for you but will not receive any consideration for doing so.

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

Except as listed below, Skin experts by Brentwood Spa Franchise Inc. is not required to provide any assistance to you.

Franchisor’s Assistance

Before the Franchised Business opens, we will:

- (i) Designate a protected territory as defined in Item 12 and if you do not have a location when you sign the Franchise Agreement, we will designate a premises selection area wherein you will find a location and once you find a location we will designate a protected territory (see Franchise Agreement Section 2(f), 2(j) and Schedule A);
- (ii) Provide you with a recommended layout for the location (see Franchise Agreement Section 2(l)(i));
- (iii) Provide you electronic access to our Manuals, as revised periodically, a copy of the table of contents of the Manuals is attached as Exhibit D to this Disclosure Document. Our Manuals have 257 pages, including attachments, and the Manuals are regularly updated. We continually update the Manuals to reflect revisions to our system, new products or services, and changes in our prescribed methods of operation. Under the terms of the Franchise Agreement, we are entitled to revise the Manuals at any time, and you will be obligated to adhere to those revised specifications and requirements (see Franchise Agreement Sections 5(a) and 8));
- (iv) Provide you with the names of approved suppliers for equipment, signs, fixtures, opening inventory and supplies and written specifications for certain of these items (see Franchise Agreement Section 7(a));
- (v) Provide the Initial Training Program for you (or Principal Owner) and your general manager and lead esthetician (as applicable) and the online portion of the Initial Training Program for other of your employees. The Initial Training Program covers all aspects of the System (see Franchise Agreement Sections 2(n)(ii), 5(a) and 5(g));

(vi) At your expense, we will provide you with sales brochures and other literature (see Franchise Agreement Section 5(c));

(vii) We may support you in determining state and local licensing and permitting requirements to the best of our ability, but this remains your responsibility and we do not assume any liability (see Franchise Agreement Section 2(m));

(viii) We will send one or more individuals who are familiar with the System to assist you with operations for a period of 5 days before you open the Spa and 5 days after you open the Spa (see Franchise Agreement Section 5(b)); and

(ix) Supply equipment, devices and inventory to you (see Franchise Agreement Section 5(h)).

During the operation of the Franchised Business, we will:

(i) Administer and maintain the Fund, if and when implemented (see Franchise Agreement Section 9(b));

(ii) Provide you with general advice and guidance as we deem necessary including daily (excluding weekends and holidays), weekly and one-on-one online training sessions (see Franchise Agreement Section 5(d));

(iii) Coordinate and conduct periodic training programs for you as we in our sole discretion deem necessary (see Franchise Agreement Section 5(g));

(iv) On a periodic basis, conduct mystery shopper inspections or anonymous evaluations of the Franchised Business and its operations and provide feedback on compliance with our System standards (see Franchise Agreement Section 7(l));

(v) Update the Manuals in our discretion (see Franchise Agreement Section 5(a));

(vi) Supply inventory to you (Franchise Agreement Section 5(h));

(vii) We can suggest retail prices for products and services, which may vary from region to region; however, such recommended prices are not binding upon you and you will at all times be free to charge prices of your own choosing (Franchise Agreement Section 5(f)); and

(viii) Assist you with the preparation of a marketing growth plan (see Franchise Agreement Section 5(i)).

Advertising

General

You may use your own branding and promotional material; however, you must submit it to us for its approval, which approval will not be unreasonably withheld or unduly delayed, and

you do not use this branding and promotional material until such time as we give our prior written approval to the use of such branding and promotional material (see Franchise Agreement Section 9(a)).

Any commentary on the Internet or other mass communications network by you regarding the Franchised Business or the Marks, including your use of social media for the purpose of promoting the Franchised Business, will be done strictly in accordance with the policies set out in the Manuals. You will provide us with full access at all times to any social media account that is used for promoting the Franchised Business including the provision of passwords, and upon expiration or termination of the Franchise Agreement for any reason, you will transfer such accounts to us.

Pre-opening Branding and Promotion

You are required to spend \$15,000 to \$20,000 on a pre-opening and opening branding and promotional campaign for the Franchised Business during the period from at least 1 week immediately preceding the opening of the Franchised Business and until 3 weeks after the opening of the Franchised Business. These funds are paid to third party suppliers from whom you will purchase branding and promotion products and services and are typically not refundable (see Franchise Agreement Section 9(d)).

Local and Online Marketing

You must spend \$3,500 per month on local marketing initiatives, including (A) at least \$2,000 on digital marketing (e.g., Google search, Instagram), (B) advertisements in local newspapers and other publications, (C) mall advertising (e.g., digital billboards), and as otherwise prescribed in our Local and Online Marketing Policy. Your local and online marketing spending requirement does not include costs relating to the wages or commissions of salespeople (see Franchise Agreement Section 9(e)).

General Branding Fund

If and when we implement it, you are required to contribute to our branding and promotion fund (the “**Fund**”) in an amount of 2% of your Gross Sales (the “**Branding Fee**”) (see Franchise Agreement Section 9(b)). The purpose of the brand fund is to promote and enhance the brand across the system. The Fund is administered by us and will be used and spent on, without limitation, media costs, commissions, market research costs, creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to branding and promotional programs undertaken by us. We may administer programs of a local, regional or national nature. We are not required to spend any amount from the Fund, or any other source, on advertising in your Territory. You may not receive a proportionate benefit from our branding or promotion programs. We reserve the right to place and develop such branding and promotions and to market them as agents for and on your behalf, either directly in-house or through a branding agency retained or formed for such purpose. The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead

(calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of the Fund and its branding programs (including, without limitation, conducting market research). Any spa branded SKIN EXPERTS by Brentwood Spa that is owned by us or our affiliates will contribute to the Fund at the same rate and in the same manner as franchisees. An unaudited statement of the operations of the Fund will be prepared annually and will be made available to you upon your request, the cost of such statement to be paid by the Fund. Funds not used in a particular year will be carried forward to future years. The Fund will not be used for advertising or marketing activities whose principal purpose is to solicit new franchises, but we reserve the right to include a notation in any advertisement or website indicating that franchises are available or a link to our franchising webpage. Unless we implement the Fund, we have no obligation to conduct advertising.

Regional Branding Cooperative

We, you or other franchisees may recommend the establishment of a regional branding cooperative for the purpose of branding and promotion, including the size of the region and the amount to be spent (a “**Branding Cooperative**”) (see Franchise Agreement Section 9(c)). The Branding Cooperative will be mandatory for all franchises in the region, if 75% of the franchises in the region consent to it. We will administer the Branding Cooperative. We may dissolve the Branding Cooperative at any time. Each franchise will contribute their pro rata share (based on the number of franchises in the region) of actual costs. The number of franchisees in the region may change at any time; therefore, the amount you are required to contribute to the Branding Cooperative may change at any time. Any corporately-owned franchise within a Branding Cooperative region will be required to contribute in the same manner as other franchises in the region. The terms of a Branding Cooperative may or may not be in writing and we may or may not require annual financials for a particular Branding Cooperative. Any payments into a Branding Cooperative are in addition to payments you are required to make on account of local advertising and the General Branding Fund. If one franchisee in the region represents more than 50% of all franchisees in that region, we will facilitate and approve an agreement that, at our discretion, is in the best interest of the region and each individual franchisee within that region.

Franchise Advisory Council

We do not currently have a Franchise Advisory Council, but we have the authority to create, change or dissolve a Franchise Advisory Council at any time. We may establish minimum requirements and qualifications for franchisees to participate in a Franchise Advisory Council.

Hardware, Software and Internet Connectivity

You must install and maintain a computer system that meets the functional requirements for utilizing the software we require, which includes a Meevo operating system and Zero or QuickBooks accounting software. There are no substitutes for the Meevo operating system. There are no substitutes for Zero or QuickBooks, except if you use different accounting software for your existing business, you may also use it for the Franchised Business, subject to our approval. If you use different accounting software, we will have no obligation to support you in the implementation, use, or compatibility of such alternate software, and you will bear all costs associated with the

implementation, use or customization of the alternate software to ensure compatibility with our existing systems. We regularly evaluate our software functionality and may upgrade software and other technology to support efficiency within the system. We recommend you purchase a tablet, laptop, printer, fax or scanner and a smartphone (i.e. iPhone, Android powered device) as well as any other computer supplies you may need. We also require that you have a designated business phone line. We estimate the cost of the required computers and peripherals to be between \$500 and \$3,000. The cost for the software licenses is between \$300 and \$500 per month and includes annual maintenance (see Franchise Agreement Section 7(a)(xii) and Section 11(a)).

You are wholly responsible for all hardware and computer network maintenance and maintenance and upgrades of software, which must be done in a timely manner. The cost for such periodic computer maintenance and upgrades will depend on the type of systems and software you purchase, as well as any maintenance contracts you choose to enter. We reserve the right to specify different hardware and software systems in the future, including proprietary software that we develop exclusively for the Franchised Business. We are not responsible for any maintenance or upgrades to your computer hardware, network connectivity, or software. There are no contractual limits on the frequency and cost of your obligation to maintain, upgrade and update the computer hardware and software in conformance with our directives.

We will have independent access to the information and data that you enter into your computer system which includes customer information and financial information for the Franchised Business. There are no contractual limits to this right of access.

Manual

A copy of the table of contents for the Operations Manual can be found at Exhibit D of this Disclosure Document. It shows the number of pages devoted to each subject and the total number of pages in the Operations Manual is 257. The Operations Manual is not issued to prospective franchisees but, upon request, we permit prospective franchisees to inspect it at a location determined by us.

Training

Initial Training Program

We will provide you and certain of your employees, prior to the opening of the Franchised Business, with (i) an online training course of up to 30 hours in duration which will be made available to you, and your employees as they are hired, and (ii) in-person training at one of our corporate-owned or franchised Spas of up to 80 hours in duration (approximately 10 days) for you (or Principal Owner), your general manager and lead esthetician, which cumulatively cover all aspects of the Franchised Business (the “**Initial Training Program**”) (see Franchise Agreement Section 5(a)). Online training should be completed approximately 30 days before the Spa opens, except employees (other than you, your general and lead esthetician) may complete on-line training any time before opening. In-person training should be completed approximately 14 days before the Spa opens. You will be responsible for all related travel and living expenses and all

wages and benefits payable to any trainees; no wages or benefits will be payable by us to any trainee for any service rendered by them during training.

Subject	Hours of Online Training	Hours of On-The-Job Training	Location
History and Mission of Skin Experts	1	0	Online
Use of Meevo Platform	4	0	Online
Site Selection	2	10	Online and in Person
Pre-Opening Tasks, Timelines, and Lists Review	1	12	Online – Weekly Virtual Training
Development and Construction	2	6	Online – Weekly Phone Meeting
Recruiting	4	0	Online
Training and Orientation Process	2	0	Online
Hours of Operation Review	0.5	0	Online
Daily Procedures	2	4	Corporate & Franchisee Spa
Customer Service Procedures	2	2	Corporate & Franchisee Spa
Product Training	6	6	Corporate & Franchisee Spa
Sales Training	10	10	Online & Corporate & Franchisee Spa
Esthetician Foundations Training	6	4	Corporate & Franchisee Spa
Scheduling	2	4	Corporate & Franchisee Spa
Labor Management	2	4	Corporate & Franchisee Spa
Communicating with Clients	4	4	Corporate & Franchisee Spa
Service Protocols	3	3	Corporate & Franchisee Spa
Customer Data Input	2	4	Corporate & Franchisee Spa
Gift Card Training	1	1	Corporate & Franchisee Spa
Membership Training	2	4	Corporate & Franchisee Spa
Review Operations Reports	2	2	Corporate & Franchisee

Subject	Hours of Online Training	Hours of On-The-Job Training	Location
			Spa
Inventory Management	2	4	Corporate & Franchisee Spa
Shop Cleaning and Maintenance	1	2	Corporate & Franchisee Spa
Marketing, Advertising, and Grand Opening Plan	4	2	Corporate & Franchisee Spa
Accounting: P&L and Invoices	1.5	0	Corporate & Franchisee Spa
Setting Your Goals	2	1	Corporate & Franchisee Spa
TOTAL	71 hours	89 hours	

If training is to be conducted at corporate spa, it will be conducted at our location at our Brentwood, California, Lincoln, Nebraska or Papillion, Nebraska.

Jessica Gable, our President, oversees the Initial Training Program. Jessica has overseen training for our affiliate, BSI, since 2022, and has 2 years of experience training the general manager, lead esthetician and other employees of the spas owned by our affiliate, BSI, and has prior experience training estheticians on the use of equipment sold by our affiliate, SHCI. (See Item 2 for more information on Jessica Gable). Our training staff will include coaches and members of our leadership team under the direction of Jessica Gable. There is no minimum experience level required for any of our training staff. The training materials that we use consist of the Manual and prerecorded videos prepared by SHCI, corresponding to the various topics covered in the chart above.

Attendance is mandatory at the Initial Training Program and it must be completed before the opening of the Franchised Business. We do not charge you for attendance at the Initial Training Program, unless you have additional attendees. We generally offer training as needed by you. If, in our opinion, you (or Principal Owner) or your general manager demonstrate an inability to effectively manage the Franchised Business, then we may terminate the Franchise Agreement.

Additional Assistance and Training

We may provide mandatory and optional training programs covering such subjects as new policies and procedures, marketing and other aspects of business operations. These programs may be conducted for various lengths of time and at various locations selected by us or may be provided by way of on-line presentations or in any other reasonable manner. We may charge a fee for additional training programs. You must pay for your employees' reasonable expenses, including all travel, meal accommodation, and their salary and benefits, for in-person training (see Franchise Agreement Section 5(g)).

You may receive additional training at our annual convention, if we hold one. The fee you must pay us to attend the annual convention is set out in Item 6 (see Franchise Agreement Section 7(d)).

We may require you to attend additional training as a condition to renewal of the Franchise Agreement (see Franchise Agreement Section 4(b)(vii)).

Fees for additional training will depend on the scope of the particular training required, but will not exceed \$1,500.

Operating Assistance

We may furnish you such continuing advice and guidance with respect to the operation of the Franchised Business as we determine is necessary in our sole judgement, including daily (excluding weekends and holidays), weekly and one-on one online training sessions. (Franchise Agreement Section 5(d)).

Site Selection

If a location for the Spa has not been approved in writing by us as of the effective date of the Franchise Agreement:

(i) you will identify a location from within an area that we have set out in Schedule A (the “Premises Selection Area”). Within 120 days after the Effective Date (the “Premises Approval Period”), you must obtain our written consent for a location in the Premises Selection Area and execute a lease (or otherwise secure use of) the approved location for the Spa. We will assist you in your premises selection by providing you with our location selection guidelines and criteria, and sources to obtain demographic information on proposed locations. If you do not identify a location acceptable to us in writing within the Premises Selectin Area during the Premises Approval Period, either you or we may terminate the Franchise Agreement and we will refund you \$10,000 of the Initial Franchise Fee.

(iii) Once you have identified potential location, you must submit to us, in the form that we specify, a completed detailed location evaluation package which must include an “As-Built” AutoCAD floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the location.

(iv) Within 30 days after receipt of the detailed location evaluation package, we, in our sole discretion, may conduct an on-site evaluation of the proposed location. We do not charge a site evaluation fee for the first on-site evaluation that we conduct with respect to your Franchised Business, however, if we require, or if you request, any additional on-site evaluations, you will pay to us, in addition to our travel and living expenses, our then-current site evaluation fee.

(v) We will use reasonable efforts to approve or disapprove a proposed location within 30 days after receipt of your detailed location evaluation package if we do not conduct an on-site evaluation or, if we do conduct an on-site evaluation, within 30 days after the on-site evaluation. If we do not approve the proposed location in writing during this period, we will be deemed to have rejected the location. Our approval or rejection of a location may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval a location in writing, and after you secure the premises, we will add a location description to an amended Schedule A of the Franchise Agreement.

(vi) You are responsible for selecting the location for the Spa. Our approval of the location does not constitute a representation or warranty of any kind, express or implied, of the locations' suitability for a Spa or any other purpose. Our approval indicates only that we believe that the location meets our then-current location selection criteria. Applying criteria that have appeared effective with other locations might not accurately reflect the potential for all locations, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of location. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the location we approve fails to meet your expectations. Your submission of a proposed location for our acceptance is based on your own independent investigation of the locations' suitability for the Spa. Our location-selection assistance is primarily for our benefit to assure us that we will have minimally acceptable location upon the expiration or termination of the Franchise Agreement.

We do not generally own premises and lease them to you.

Opening of Franchised Business

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is 6 to 12 months, depending on whether you have an existing spa or not. Factors affecting the length of time between signing and opening, include how quickly you acquire the certificates or licenses required to operate the Franchised Business, the timing for construction and renovations including the lead time for materials and supplies, and the amount of time it takes to hire and train the necessary employees. If you do not open the Spa on or before the last day of the 12th full month after the effective date of the Franchise Agreement, you or we may terminate the Franchise Agreement, but we will not return any part of the Initial Franchise Fee.

ITEM 12. TERRITORY

The franchise is for a specific location. If a specific has not been identified when you sign the Franchise Agreement, you will have to identify a location, in the area specified in the Franchise Agreement, within 120 days of the effective date of the Franchise Agreement. If you do not identify a location that is acceptable to us in that period, either of us may terminate the Franchise Agreement and will refund \$10,000 of the Initial Franchise Fee.

You are granted a protected territory as set out on a map in Schedule "A" of the Franchise Agreement, subject to certain exceptions described in the Franchise Agreement. The boundaries

of the protected territory will be determined based on a number of factors, which may vary from one location to the next, but the protected territory will contain a population of approximately 200,000 persons; provided that, it will not extend more than 30 miles from the location even if the population is less than 200,000 persons.

You may relocate the Spa to any other location, subject to our prior written consent, which may not be unreasonably withheld. Our criteria for approval of your new location will be our then current criteria for new franchise locations. You will pay us a \$10,000 fee for evaluating your relocation request. This fee is due at the time you make your relocation request and is not refundable, even if we reject your relocation request.

We may grant you additional territories or additional Franchised Businesses in our absolute discretion upon terms acceptable to us, but you do not have the right to acquire additional territories or Franchised Businesses.

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 or our affiliates control.

We will refrain from operating, or granting to anyone else the right to operate, a Franchised Business in the protected territory, even if there is an increase in population; provided that, you have not breached any of the terms and conditions of the Franchise Agreement. We have no proximity policy, which means that we may establish franchisor-owned locations, other franchises or sub-franchises outside your Territory, regardless of proximity to the boundaries of your Territory.

If you fail to meet the minimum performance requirements set out in the Franchise Agreement or are not otherwise operating in full compliance with the Franchise Agreement, we have the right, in our sole discretion, in addition to or in substitution of any other rights under the Franchise Agreement, to reduce or eliminate the protected territory or to operate or grant to others the right to operate a Franchised Business within the former protected territory. See Section 6 of the Franchise Agreement.

The current Minimum Performance Requirements are:

- (i) \$300,000 dollars of Gross Sales in the first 12-month period following the Start Date;
 - (ii) \$400,000 dollars of Gross Sales in the second 12-month period following the Start Date;
 - (iii) \$500,000 dollars of Gross Sales in the third 12-month period following the Start Date;
 - (iv) \$600,000 dollars of Gross Sales in the fourth 12-month period following the Start Date;
- and

(v) \$600,000 of Gross Sales in each of the following 12-month periods (including such periods during any Renewal Term) plus a compound annual increase in Gross Sales of 5% per twelve 12-month period until year ten.

“Gross Sales” means all sales generated through the Franchised Business and includes fees for any services and products sold by you, and all other income related to the Franchised Business. Gross Sales does not include any sales tax that you collect from customers and pay to any taxing authority. Gross Sales also does not include the amount of any refund or credit given in good faith by you in respect of any services, or products returned or exchanged by a customer, provided that the original selling price was included in Gross Sales.

We may provide, offer and sell, and license others to provide, offer and sell, products that are identical or similar to or competitive with those provided at or from Spas, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels, both inside and outside the protected territory, including:

- (i) product sales to distributors and retailers for resale at locations, or to customers who reside, in the protected territory; and
- (ii) product sales made directly to customers who reside in the protected territory through the Internet or similar electronic media.

We are not required to pay you any compensation for soliciting orders within your protected territory, except that we will pay you a commission of 10% of the actual price (excluding taxes and delivery costs) for product sales made directly to customers who reside in your protected territory through the Internet or similar electronic media, all in accordance with our Internet Sales Policy.

You may sell services and products only at your location. You may not sell services or products at any other permanent or temporary location, including kiosks, pop-up stores, or mobile premises. You may not sell products (including skincare equipment and devices and skincare and other personal care products) by mail or other distribution method, or over the Internet or similar electronic media. You may sell services and products at your location to customers who reside outside your protected territory. Other Franchised Businesses and Spas owned by us or our affiliates may sell services and products at their location to customers who reside inside your protected territory. We, our affiliates and other Franchised Businesses are not required to compensate you for such sales.

You are free to market within or outside your protected territory, including use of direct marketing, Internet or telemarketing, provided you perform such marketing in accordance with the standards set by us.

We do not operate, and do not have any current plans to operate, a competitive business under a different trademark.

ITEM 13. TRADEMARKS

You receive the right to operate your business under the name, SKIN EXPERTS by Brentwood Spa®, which is the primary Mark used to identify our System. You may also use any other current or future Marks that we designate to operate your Franchised Business, including the logo on the front of this Disclosure Document and listed below. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify your business. Our affiliate, BSTI, registered the following Mark on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

Mark	Registration Date	Registration Number	Status
 SKIN EXPERTS by Brentwood Spa	May 23, 2023	7063624	Registered

All required affidavits have been filed and applicable registrations have been renewed.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or in any state or federal court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise, except for the License and Services Agreement between BSTI and us dated as of January 16, 2024, which grants us the exclusive right to use and sublicense the use of the Marks in the United States. The License and Service Agreement is for an initial term of five years and will automatically renew every five years indefinitely unless terminated by mutual consent of the parties, or by BSTI for cause. If the License and Service Agreement is terminated, you may be required to stop using the Marks, or your Franchise Agreement may be assigned to BSTI, at its option.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in any state in which the Franchised Businesses are to be located.

While we are not required to defend you against a claim arising from your use of the Marks, we will reimburse you for all of your expenses reasonably incurred in defending any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. You must notify us of the use of, or claims of rights to a trademark identical to or confusingly similar to a trademark licensed to you. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark.

If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the Franchised Business and we have no pending patent applications that are material to the Franchised Business. We own copyrights in the Manuals, our website, our marketing materials and hold sufficient rights in other items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques and know-how, knowledge of, and experience in, operating a Franchised Business. These trade secrets and other confidential information will be provided to you during our Initial Training Program, in the Manuals and as a result of the assistance furnished to you during the term of the Franchise Agreement. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Your use of the Manuals, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in termination of the Franchise Agreement.

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

You (or Principal Owner) may participate personally in the direct operation of the Franchised Business and must successfully complete the Initial Training Program. You may hire a general manager, who must successfully complete the Initial Training Program, to run the Franchised Business. A general manager is not required to own an equity interest in the Franchised Business. We require that either you (or Principal Owner) or your general manager devote your or their best and full-time efforts in directing the day-to-day operations and development of the Franchised Business, which will not be less than 40 hours per week. If you are a business entity, each of your owners must sign a Personal Guaranty (in the form attached to the Franchise Agreement as Exhibit A) and be personally liable for performance of your obligations under the Franchise Agreement. Spouses are not required to sign a Personal Guaranty unless they are one of your owners. Spouses are not required to sign a Confidentiality Agreement unless they are one

of your owners or employees. Spouses are subject to the in-term and 5 year post-term non-compete provisions under Sections 13 (a) and (b) of the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and sell those products and services that we have approved. You must offer all products and services that we designate as required for all franchisees, including skincare equipment and devices and our proprietary QUL branded skincare products. We have the unlimited right to change the types of authorized products or services offered by your franchise.

Periodically, we may allow certain products or services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications and regional or local differences.

We can suggest retail prices for products and services, which may vary from region to region; however, such recommended prices are not binding upon you and you will at all times be free to charge prices of your own choosing.

With the exception of the territorial restrictions described in Item 12, and the restrictions noted above, we do not place any restrictions upon you that limit the clients to whom you may sell goods or services.

Generally, you will be required to provide a 30-day money-back warranty on equipment, devices and products sold by you. You will be required to refund the price for services if a customer is unhappy with the treatment for legitimate reasons.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise	Summary
a. Length of the franchise term	Section 4(a)	The Initial Term is 10 years after the Start Date.
b. Renewal or extension of the term	Sections 4(b), (c)	Subject to Item 17c., one additional 10-year term for your Franchise Agreement. If you fail to meet any one of the conditions in Item 17c., we may refuse to renew or extend the term of your Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 4(b)	You may renew your Franchise Agreement for one additional 10 year term, if you: (i) give us timely notification; (ii) are not in default of any provision of any license for the Franchised Business; (iii) have not committed 2 or more defaults in the past 24 months whether or not timely cured; (iv) timely execute our

		then-current Franchise Agreement and an addendum to our-then current Franchise Agreement in a form the same or similar to the Addendum (To Franchise Agreement Upon Renewal) attached in Exhibit A of this Disclosure Document, which may contain materially different terms and conditions and identifying those provisions of the Franchise Agreement that are not applicable upon renewal; (v) pay a renewal fee; and (vi) sign a general release in a form the same as or similar to the General Release in Exhibit A to this Disclosure Document; and (vii) at our discretion attend additional training.
d. Termination by franchisee	Not applicable	Subject to state law.
e. Termination by franchisor without cause	Not applicable	If you don't renew, the Franchise Agreement will terminate at expiration of the Term.
f. Termination by franchisor with cause	Section 16	We may terminate the Franchise Agreement only upon the happening of an event of termination or upon the default under the terms of another franchise agreement within our System. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. "Cause" defined – curable defaults	Sections 1, 16(i)	Subject to applicable state law, cause for termination that may be cured is violation of any provision of the Franchise Agreement, except for those that are non-curable or that are not reasonably susceptible to cure. Under the cross-default provision, cause to terminate the Franchise Agreement also includes any circumstance that would give rise to a terminable default under any other franchise agreement between us or our affiliate and you or an entity that is majority-owned by one or more of your owners if you are an entity.
h. "Cause" defined – non-curable defaults	Sections 1, 16(a)(ii)	Subject to applicable state law, Non-curable defaults: (i) failure to timely commence or satisfactorily complete our Initial Training Program; (ii) Franchised Business is not open 30 days after completion of our Initial Training Program or by the Start Date, as applicable; (iii) failure to either obtain all permits, certificates or licenses by the first day of the sixth calendar month following the Effective Date or diligently pursue licenses as reasonably determined by us; or fail to properly maintain such permits, certificates or licenses; (iv) dishonest, criminal or unethical behavior; (v) failure to operate the Franchised Business continuously during the Term during normal hours of operation or cease communications with us; (vi) if you cease or threaten to cease to carry on business or take or threaten to take any action to liquidate assets or stop making payments in the ordinary course; (vii) make a general assignment for the benefit of creditors of the Franchised Business; (viii) a bulk sale of assets; (ix) initiate a proceeding relating to insolvency or bankruptcy; (x) a custodian, receiver, or manager is appointed to take charge of the business, property or assets; (xi) if any lessor or encumbrancer or any other person, corporation or entity lawfully

		entitled takes possession of any of the business, property or assets of you or any of your owners; (xii) a default under any contract of conditional sale, mortgage or other security instrument related to the Franchised Business; (xiii) winding up, dissolution, or liquidation; (xv) receipt from us, during any consecutive 12 month period, 3 or more notices relating to a default; (xvi) misstatement of any material information pertaining to your franchise application or the Franchised Business; (xvii) subject to Section 15 of the Franchise Agreement, if you or your controlling shareholder dies or becomes permanently disabled and you or any of your owner's spouse or adult child does not desire or is not capable to continue to operate the Franchised Business or the executor, administrator or personal representative has failed to transfer your interest to a third party, approved by us within 6 months after the death or permanent disability; (xviii) if we terminate any other Franchise Agreement between us and you; (xix) make unauthorized use of, or allow improper access to, the Manuals or any other confidential information; (xx) submit, on 3 or more occasions, reports or other data that understates royalties or other payments by 3% or more, and you cannot demonstrate that it resulted from inadvertent error; (xxi) the sale of clients, client service contracts, or the identity of clients, without our consent; and (xxii) failure to cure a breach of any health, safety or other law, the failure of which presents a hazard to a client or other member of the public; and (xxiii) you breach the non-disclosure or non-complete provisions under the Franchise Agreement or you effect a transfer that is not in compliance with the transfer provisions of the Franchise Agreement.
i. Franchisee's obligations on termination / non-renewal	Section 16(c) and (g)	If the Franchise Agreement is terminated or not renewed, you must: (i) immediately upon our request, permit us or our representatives to enter any commercial premises used in connection with the Franchised Business and, at our option, to cure any default by you, to operate the Franchised Business for account; (ii) immediately discontinue the operation of the Franchised Business, and the use of the Marks and other proprietary rights licensed under the Franchise Agreement, and similar names and marks; (iii) cease displaying and using all signs, stationery, letterheads, packaging, forms, marks, manuals, bulletins, instruction sheets, printed matter, branding and other physical objects used in connection with the System or containing or bearing any of the Marks or other names, marks or designations, and will not thereafter operate or do business under any name or in any manner in violation of the franchise agreement or that might tend to give the general public the impression that you are associated with us or the System or that it is operating a business similar to a Franchised Business; (iv) notify the telephone company and all listing agencies of the termination or expiration of the Franchise Agreement and your

		right to use any telephone number or directory listings associated with the Marks, and at our option either cancel or transfer to us or a replacement franchisee all telephone and directory listings associated with the Marks; promptly execute such documents or take such actions as may be necessary to abandon your use of any fictitious business name containing any of the Marks adopted by you; (v) within 7 days after expiration or termination, return to us at your own expense, all copies of the Manuals, and all other confidential material provided to you, and all other materials you are required to return in accordance with the Franchise Agreement or the Manuals, and transfer to us, in a manner we designate, all client lists and client records; and (vi) within 7 days after expiration or termination, will assign all Client contracts to us or our designee and support and assist us or our designee with the client transition. If we terminate the Franchised Business with cause or you terminate the franchise agreement without cause, you must pay us liquidated damages equal to (i) the continuing payments contemplated by Section 3(b) of the Franchise Agreement, for the lesser of the remaining unexpired term of the Franchise Agreement or 36 months, plus (ii) the average monthly gross margin that we and our affiliates made on skincare equipment, device, and product sales to you in the last 6 months of your operations multiplied by the lesser of the number of months in the remaining unexpired term of the Franchise Agreement (where for any partial month the amount will be reduced pro rata to reflect the number of actual days in such partial month) or 36 months. You agree that it would be difficult to calculate with certainty the actual amount of damages that we will incur and that this amount is the best estimate of our lost revenues. If a court determines that the liquidated damages payment is unenforceable, then we may pursue all other available remedies, including recovery of consequential damages. Payment of liquidated damages will not in any way limit any other remedy we may have at law or in equity resulting from your failure to perform your obligations. We may also pursue all other available remedies.
j. Assignment of contract by franchisor	Section 14(f)	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-defined	Section 14	"Transfer" includes transfer of an interest or assets in the franchise, the Franchise Agreement, the franchise location, the assets of the Franchised Business, or change in the voting shares or membership interest (as applicable) of the franchisee.
l. Franchisor's approval of transfer by franchisee	Section 14(a)	You may not transfer your interest in any of the items listed in Item 17k. without our prior written consent which will not be unreasonably withheld

m. Conditions for franchisor approval of transfer	Section 14(a)	We will consent to a transfer if: (i) you have provided us with 3 months advanced written notice; (ii) we have not exercised our right of first refusal; (iii) we have approved the transferee; (iv) you are not in default under the Franchise Agreement; (v) all obligations owed to us are paid; (vi) you have delivered to us a release; (vii) you have delivered a written Assignment of Franchise Agreement in a form the same as or similar to the form attached in Exhibit A of this Disclosure Document and an Addendum (To Franchise Agreement Upon Assignment) in a form the same as or similar to the form attached in Exhibit A of this Disclosure Document, or, at our option, the transferee has entered into our then-current franchise agreement and such other documents required to be executed in the granting of a franchise; (viii) the transferee will have provided us such guarantees as we may request; (ix) the transferee will have completed training to our satisfaction; (x) we have the right to disclose to the transferee revenue reports and other financial information concerning the Franchised Business; (xi) the transferee will have submitted to us a business plan satisfactory to us; (xii) the purchase price to be paid by the transferee is reasonable in the circumstances; and (xiii) you pay a transfer fee of \$25,000 of which \$10,000 will be payable upon your declaration of an intent to sell the Franchised Business. We also permit assignments by an individual franchisees to a company controlled by them, assignments between existing owners of franchisees that are companies, and transfers from one controlled company to another controlled company, all subject to certain conditions set out in the Franchise Agreement.
	Section 8 of Assignment of Franchise Agreement	We may arbitrarily withhold consent.
	Section 4 of Addendum (To Franchise Agreement Upon Assignment)	We will also adjust the minimum performance requirements under the Franchise Agreement to reflect your past performance.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14(b)	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's business	Section 14(b)	Except as described in Item 17n., we do not have the right to purchase your Franchised Business.
p. Death or disability of franchisee	Section 15	After the death or incapacity of an owner of the franchise, the spouse or adult child may operate the Franchised Business if they otherwise qualify to be a franchisee of the System. The

		representative of the deceased or disabled franchisee must transfer, subject to the terms of the Franchise Agreement, such person's interest in the Franchise Agreement within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 13	You are prohibited from competing with the Franchised Business during the term of the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 13	Subject to applicable state law, you are prohibited from competing with the Franchised Business for 5 years after the termination or expiration of the Franchise Agreement within a 30 mile radius of your Territory or the territory of any other franchisee.
s. Modification of the agreement	Sections 5(f), 7(b), 8(a), 19(s)	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manuals without your consent.
t. Integration / merger clause	Section 19(s)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Section 19(t)	Subject to certain exceptions and state law, claims must be presented and negotiated for a period of 30 days before mandatory mediation to be held in New York, New York or such other site as we may designate. If a claim is not resolved by negotiation or mediation, it must be arbitrated.
v. Choice of forum	Section 19(t)	Subject to applicable state law, arbitration must be in New York, New York, except we may take action in any court of competent jurisdiction as may be necessary to obtain interlocutory or injunctive, or other relief, subject to applicable state law.
w. Choice of law	Section 19(h)	Subject to applicable state law, Delaware law applies for construction and interpretation of the Franchise Agreement but does not give rise to statutory or regulatory claims that would not otherwise apply.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial

performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location under particular circumstances.

We make the following historic financial performance representations about our existing franchisor-owned outlets:

AVERAGE GROSS PROFIT MARGIN ON SALES

The following is the average gross profit margin on the sale of all services and products made by our 3 existing franchisor-owned outlets for the period they have been open (as of the issuance date of this Disclosure Document):

Location	Time Opened	Average	Median	High	Low
Brentwood, California	20 months	81%	81%	87%	70%
Lincoln, Nebraska	15 months	81%	81%	88%	77%
Papillion, Nebraska	3 months	80%	83%	84%	74%

Products include skincare products, equipment and devices and other personal care products.

AVERAGE PRODUCT SALES PER MONTH

The following is the average product sales per month for our 3 existing franchisor-owned outlets for the period they have been open (as of the issuance date of this Disclosure Document):

Location	Time Opened	Average	Median	High	Low
Brentwood, California	20 months	\$18,956	\$18,354	\$29,488	\$7,417
Lincoln, Nebraska	15 months	\$17,775	\$17,494	\$26,167	\$11,591
Papillion, Nebraska	3 months	\$13,448	\$12,690	\$16,032	\$11,621

Products include skincare products, equipment and devices and other personal care products.

AVERAGE PRODUCT SALES PER CUSTOMER VISIT

The following is the average amount spent by customers on products per visit to the spa for our 3 existing franchisor-owned outlets for the period they have been opened (as of the issuance date of this Disclosure Document):

Location	Time Opened	Average	Median	High	Low
Brentwood, California	20 months	\$49	\$50	\$75	\$34
Lincoln, Nebraska	15 months	\$49	\$47	\$69	\$35
Papillion, Nebraska	3 months	\$31	\$31	\$33	\$28

Products include skincare products, equipment and devices and other personal care products.

AVERAGE NEW MEMBER SIGNUPS PER MONTH

The following is the average number of new member signups per month for our 3 existing franchisor-owned outlets for the period they have been opened (as of the issuance date of this Disclosure Document):

Location	Time Opened	Average	Median
Brentwood, California	20 months	50	50
Lincoln, Nebraska	15 months	46	46
Papillion, Nebraska	3 months	76	67

A new member signup means each instance where a new customer signs an agreement purchasing either 12, 18 or 24 treatments for a fixed fee, or signs an agreement as a monthly member for an ongoing monthly fee with 1 to 4 per month depending on their membership type (the latter being cancellable by the customer at any time for all future months).

Admonitions And Other Information

These figures were compiled from data received from the general managers at our 3 franchisor-owned outlets. The data received from these outlets was not prepared in accordance with general accepted accounting principles or audited.

Gross profit margin on products means gross revenue minus cost of goods sold. Gross profit margin on services means gross revenue minus the cost of consumables used in providing the services, including skincare products applied. Gross profit margin does not reflect operating costs, such as the wages and commissions paid to the employee providing a service, or overhead such as rent, utilities, and administrative costs, that must be deducted from the gross revenue to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your business.

Some franchise partners have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

Written substantiation for the financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Operating Officer, Shaya Mulcahy, at 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109, (925)390-5505; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Unless otherwise indicated, all numbers are as of December 31 each year.

Table No. 1
System-wide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets Open at Start of Year	Outlets Open at End of Year/Period	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company Owned	2021	0	0	0
	2022	0	2	+2
	2023	2	3	+1
Total	2021	0	0	0
	2022	0	2	+2
	2023	2	3	+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023 and Period Ended September 30th, 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023 and Period Ending September 30, 2023

State	Year	Outlets Open at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations – Other Reasons	Outlets Open at End of Year/Period
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Years 2021 to 2023

State	Year	Outlets Open at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets Open at End of Year/Period
California	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Nebraska	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2
Total	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	1	0	0	0	3

Table No. 5
Projected Openings as of December 7, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	2	0
Iowa	0	2	0
Nebraska	0	2	0
Texas	0	4	0
Total:	0	10	0

As of the issuance date of this Disclosure Document no one has signed a Franchise Agreement, and we have no franchisees.

If you buy this franchise, your contact information may be disclosed to other buyers during the term of your Franchise Agreement and after you leave the franchise system.

No current or former franchisee has signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We are not currently aware of any trademark-specific franchisee organization associated with our franchise system.

ITEM 21. FINANCIAL STATEMENTS

Our fiscal year end is December 31. We have only operated since January 16, 2024 and therefore cannot provide the required financial statements for the preceding three years. Exhibit B to this Disclosure Document contains our audited start-up balance sheet dated February 5, 2024 and unaudited financial statements for the fiscal quarter ended June 30, 2024.

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ITEM 22. CONTRACTS

Exhibit A to this Disclosure Document contains all proposed agreements regarding this franchise offering. Those agreements are as follows:

- A-1 FRANCHISE AGREEMENT WITH PERSONAL GUARANTY
- A-2 CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS
- A-3 STATE SPECIFIC ADDENDA/AMENDMENTS
- A-4 FINAL DISCLOSURE QUESTIONNAIRE
- A-5 GENERAL RELEASE
- A-6 NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
- A-7 TERMINATION AGREEMENT AND RELEASE OF CLAIMS
- A-8 ASSIGNMENT OF FRANCHISE AGREEMENT
- A-9 ADDENDUM (TO FRANCHISE AGREEMENT UPON ASSIGNMENT)
- A-10 ADDENDUM (TO FRANCHISE AGREEMENT UPON RENEWAL)
- A-11 ACH FORM

ITEM 23. RECEIPTS

Please see Exhibit F to this Disclosure Document for receipt pages to confirm your receipt of this Disclosure Document. Please sign and date both, return one to us and retain one for your records (as indicated).

Exhibit A-1
Franchise Agreement



Franchise Agreement

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SCHEDULE A – TERRITORY

SCHEDULE B – FRANCHISEE INFORMATION

EXHIBIT A – PERSONAL GUARANTY

EXHIBIT B – COLLATERAL ASSIGNMENT OF LEASE

Franchise Agreement

This Franchise Agreement (the “**Agreement**”), effective _____, 20__ (the “**Effective Date**”), is among Skin Experts By Brentwood Spa Franchise Inc., a Delaware corporation with an office located at [Address] (“we” or “us”), [Name of Franchisee], a [State of Formation; Type of Entity] with an office located at [Address] (the “you”), and [Name of Franchisee Owner], an individual residing at [Address] (the “**Operating Principal**”)

Background

- A. We and our affiliates have developed a unique system (the “**System**”) for the operation of a business that offers skincare services and skincare equipment, devices, and products to the public at a location, approved by us, under the name “Skin Experts By Brentwood Spa” (a “**Spa**”).
- B. The distinguishing characteristics of the System include: the layout; furnishings and fixtures; signage; quality of equipment; management, sales and skincare training and assistance; operating procedures; proprietary skincare equipment, devices, and products; customer recruitment and retention programs; and advertising and promotional programs.
- C. We will train you to manage your business, how to market your business effectively, how to sell treatment packages to aid in customer retention, and how to sell skincare equipment, devices, and products from our exclusive QUL Beauty Skincare Line. We will provide you with valuable exclusive discounts on QUL Beauty equipment, devices, and products and more, all of which may change from time to time. You will also have access to daily (excluding weekends and holidays), weekly and one-on one online training sessions.
- D. We identify the System by the “Skin Experts By Brentwood Spa” name and mark and we may in the future designate certain other names, marks, logos, insignias, slogans, emblems, symbols and designs for use with the System (the “**Marks**”). The current Marks are owned by our parent, Kul Holdings Inc. and licensed to us for use with the System.
- E. We and our affiliates have established a business reputation, demand for services and products and built-up valuable goodwill by reason of a uniform business format and system with high standards of quality and service (the “**System Standards**”).
- F. You would like to obtain from the us the right and license to operate a Spa utilizing the System and the Marks at the premises described in Schedule A upon the terms and conditions contained in this Agreement.
- G. By signing this Agreement, you agree to operate the Spa in strict compliance with the System Standards as set out in part in our Manuals (as defined below).

Agreement

The parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

Where used in this Agreement or in any of the attached schedules or exhibits or in any amendments, the following terms shall have the following meanings:

- (a) “**Affiliate**” or “**Affiliates**” means, with respect to any specified person or entity, any other person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified person or entity (with the terms “controls”, “controlled by” and “under common control with” having the meanings used in the Securities Act of 1933, as amended, and the rules and regulations promulgated under it); and “**Related Person**” or “**Related Persons**” means with respect to any specified person any other person known by the specified person to be related to the specified person by blood or marriage.
- (b) “**Agreement**” means this Agreement and any schedules and exhibits attached to this Agreement, as amended by the parties;
- (c) “**Branding Cooperative**” has the meaning set out in Section 9(c);
- (d) “**Cause**” means a material default of this Agreement, including any provision of the Manual;
- (e) “**Client**” or “**Clients**,” collectively, means all individuals and entities that:
 - (i) pay for or receive services or products; and
 - (ii) refer the individuals, firms, companies and other entities described in (i) to you;
- (f) “**Competitive Business**” means any business that is engaged principally in providing the same or similar services or products offered by our franchisees, including any business that offers skincare services or skincare equipment, devices, or products for sale to the public;
- (g) “**Continuing Fee**” has the meaning set out in Section 3(b);
- (h) “**Default**” means the failure of a party to perform under the terms of this Agreement;
- (i) “**Effective Date**” means the date that the Franchisor signed this Agreement;
- (j) “**Franchised Business**” or “**Franchised Businesses**,” has the meaning set out in Section 2(a);

- (k) “**Fund**” has the meaning set out in Section 9(b);
- (l) “**Gross Sales**” means the entire amount of all sales of services and products and all other fees, charges, revenues, incomes, commissions and other consideration received or receivable by you, directly or indirectly, in connection with the Franchised Business or otherwise and whether for check, cash, credit, charge accounts, exchange or otherwise. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. Gross Sales shall include the amount of all sales assumed to have been lost by the interruption of business, which we may determine on the basis upon which proceeds of any business interruption insurance are paid or are payable to you. Gross Sales shall not include:
 - (i) The amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by you to such governmental authority; and
 - (ii) The amount of the refund or credit given in good faith by you in respect of any services or any products returned or exchanged by a customer for which a refund of the whole or a part of the purchase price is made or for which a credit is given, provided that the selling price was included in Gross Sales;
- (m) “**including**” means including, without limitation, and “**includes**” means includes, without limitation including;
- (n) “**Initial Franchise Fee**” has the meaning set out in Section 3(a);
- (o) “**Initial Term**” has the meaning set out in Section 4(a);
- (p) “**Initial Training Program**” has the meaning set out in Section 5(a);
- (q) “**Interest Rate**” means a rate of interest equal to the lesser of two (2%) percent per month compounded (twenty-six point eighty-two (26.82%) percent per annum) or the maximum rate of interest permitted by law;
- (r) “**Lease**” has the meaning set out in Section 2(k);
- (s) “**Licenses**” has the meaning set out in Section 2(m);
- (t) “**Location**” has the meaning set out in Section 2(d);
- (u) “**Manual**” or “**Manuals**” means, all training manuals, books, pamphlets, bulletins, memoranda, letters, notices or other publications or documents prepared by us or on our behalf for use by franchisees generally or for you in particular, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the operation of a Franchised Business, as may be amended;

- (v) “**Marks**” has the meaning set out in C. of the Background;
- (w) “**Notices**” has the meaning set out in Section 19(f);
- (x) “**Offer**” has the meaning set out in Section 14(b);
- (y) “**Operating Principal**” has the meaning set out in the opening paragraph;
- (z) “**Premises Selection Area**” has the meaning set out in Section 2(j);
- (aa) “**Premises Approval Period**” has the meaning set out in Section 2(j);
- (bb) “**Principal**” means each individual owner (whether direct or indirect), director, manager, and officer of the Franchisee;
- (cc) “**Recipient Party**” has the meaning set out in Section 19(t);
- (dd) “**Renewal Term**” has the meaning set out in Section 4(b);
- (ee) “**Restricted Period**” has the meaning set out in Section 13(b);
- (ff) “**Spa**” has the meaning set out in A. of the Background;
- (gg) “**Start Date**” means the first calendar day of the first calendar month immediately following the date on which:
 - (i) You have obtained the required insurance coverage and provided a copy of the certificate of coverage to us;
 - (ii) You have obtained a certificate of occupancy for the Premises;
 - (iii) Your required people have completed the Initial Training Program; and
 - (iv) We have consented to your opening to the public for business;

however, the Start Date shall not occur any later than the last day of the twelfth full calendar month following the Effective Date unless the parties to this Agreement agree to a different date in writing;
- (hh) “**Statement of Dispute**” has the meaning set out in Section 19(t);
- (ii) “**System**” has the meaning set out in A. of the Background;
- (jj) “**System Standards**” has the meaning set out in D. of the Background;
- (kk) “**Territory**” has the meaning set out in Section 2(f) and as described in Schedule A; and
- (ll) “**Transfer**” has the meaning set out in Section 14(a).

2. GRANT; DEVELOPMENT

- (a) Grant. Subject to the provisions of this Agreement and for the Initial Term and any Renewal Term, if applicable, we grant you a non-exclusive right to:

- (i) use, operate and participate in the System; and
- (ii) use and display the Marks;

solely in connection with the operation of a business under the name Skin Experts by Brentwood Spa®, or such other name as may be designated by us, as provided in the Manuals (the “**Franchised Business**” and together with the other franchise businesses using the System, the “**Franchised Businesses**”). Termination or expiration of this Agreement constitute a termination or expiration of the rights granted in this Section.

- (b) Forms of Agreement. We have entered and will continue to enter into agreements with other franchisees that may contain terms and conditions that differ from those in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect the duty of each party to this Agreement to comply with the terms of this Agreement.
- (c) Best Efforts. You will perform your obligations under this Agreement faithfully, honestly, and diligently, and use your best efforts to promote the Spa and the System, and to operate the Spa in accordance with our System Standards.
- (d) Location. The location for the Spa is set out in Schedule A. If you have not identified a location for the Spa as of the Effective Date, you will be required to identify a location in accordance with Section 2(j). “**Location**” means the premises set out, or to be set out, in Schedule A.
- (e) Relocation. You may relocate the Spa to any other location, subject to our prior written consent, which may not be unreasonably withheld. Our criteria for approval of your new location will be our then current criteria for new franchise locations. You will pay us a \$10,000 fee for evaluating your relocation request. This fee is due at the time you make your relocation request and is not refundable, even if we reject your relocation request.
- (f) Protected Territory. We will provide you with a protected but non-exclusive territory (the “**Territory**”) in which we will refrain from operating, or granting to anyone else the right to operate, a Franchised Business; provided that, you have not breached any of the terms and conditions of this Agreement. The Territory is set out on the map in Schedule A. If you have not identified a Location as of the Effective Date, we will set out the Territory on a map in an amended Schedule A when you do identify the Location. The boundaries of the Territory will be determined based on a number of factors, which may vary from one location to the next, but the Territory will contain a population of approximately 200,000 persons;

provided that, it will not extend more than 30 miles from the Location even if the population is less than 200,000 persons.

- (g) Rights Reserved by Us. Except for your right to a protected but non-exclusive territory under Section 2(f), we and our Affiliates retain all rights with respect to the System and the Marks, the sale of similar or dissimilar services and products, and any other activities we deem appropriate, including the right to:
- (i) operate, and license others to operate, any type of business other than a Franchised Business or other skincare center or spa (subject to (vi) and (v) below), at any location inside or outside the Territory.
 - (ii) operate, and license others to operate, Franchised Businesses located anywhere outside the Territory regardless of proximity to the Location;
 - (iii) provide, offer and sell, and license others to provide, offer and sell, products that are identical or similar to or competitive with those provided at or from Spas, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels, both inside and outside the Territory, including:
 - (1) product sales to distributors and retailers for resale at locations, or to customers who reside, in the Territory; and
 - (2) product sales made directly to customers who reside in the Territory through the Internet or similar electronic media; provided that, we will pay you a commission of 10% of the actual price (excluding taxes and delivery costs) for such product sales, in accordance with our Internet Sales Policy;
 - (iv) create, place or distribute, or authorize others to create, place or distribute, any advertising and promotional materials which may appear in media, or be received by prospective customers, in the Territory;
 - (v) acquire, whether through acquisition of assets or ownership interests, merger or otherwise (regardless of the form of transaction), one or more Competitive Businesses that competes with you in the Territory, and franchise, license or create similar arrangements with respect to these Competitive Businesses once acquired, including in the Territory; and
 - (vi) be acquired, whether through acquisition of assets, ownership interests, merger or otherwise (regardless of the form of transaction), by a Competitive Business, and the Competitive Business may franchise, license or create similar arrangements with respect to the Competitive Business once they acquire us, including in the Territory.
- (h) Sales to Clients Who Reside Outside a Territory. You may sell services and products at your Location to Clients who reside outside your Territory. Other Franchised Businesses and Spas owned by us or our Affiliates may sell services

and products at their location to Clients who reside inside your Territory. You may sell services and products (including skincare equipment and devices) only at your Location and you may not sell services or products (including skincare equipment and devices) at any other permanent or temporary locations, including kiosks, pop-up stores, or mobile premises. You may not sell products (including skincare equipment and devices) over the Internet or similar electronic media.

- (i) Rights, Title and Interest to Intellectual Property. Except for the right to a protected but non-exclusive territory under Section 2(f), all right, title and interest to the intellectual property that makes up the System, including to any goodwill, copyrights, patents, patentable subject-matter, proprietary software, the Marks, other business names, trade names and trade marks, trade secrets, including customer lists, customer prospects lists, former customer lists, marketing methods and data and confidential information, including such intellectual property and confidential information developed by you, us, our Affiliates or other third parties for use in the System, is our or our Affiliates' exclusive property and will remain our and our Affiliates' exclusive property. By executing this Agreement, you transfer and assign to us any right, title and interest to any intellectual property or confidential information developed by you or for you, or that may be developed by you or for you, and you will take all other steps necessary to transfer and assign all right, title and interest to us. No proprietary right, title or interest in or to any part of the System is granted under this Agreement, nor will such right, title or interest transfer at any time to you.
- (j) Selection of Premises. If the Location has not been approved in writing by us as of the Effective Date:
 - (i) you will identify a location from within an area that we have set out in Schedule A (the "**Premises Selection Area**"). Within 120 days after the Effective Date (the "**Premises Approval Period**"), you must obtain our written consent for a location in the Premises Selection Area and execute a Lease (or otherwise secure use of) the approved location for the Spa. We, in our sole discretion, reserve the right to modify the Premises Selection Area. If you are in full compliance with this Agreement, we and our Affiliates will not operate, or license others to operate Franchised Businesses in the Premises Selection Area during the Premises Approval Period. We reserve all rights in the Premises Selection Area that we reserve with respect to the Territory as described in Section 2(g). The restrictions contained in this Section 2(j)(i) do not apply to Spas under construction or in operation in the Premises Selection Area as of the Effective Date.
 - (ii) You assume all cost, liability, and expense for locating and securing a location for the Spa and constructing, equipping, and furnishing the Spa in accordance with our System Standards at the approved location. We will assist you in your premises selection by providing you with our location selection guidelines and criteria, and sources to obtain demographic information on proposed locations. You must obtain our written consent for the location before you make any binding commitments related to the

location. If you do not identify a location acceptable to us in writing during the Site Approval Period, either you or we may terminate this Agreement and we will refund you \$10,000 of the Initial Franchise Fee.

- (iii) Once you have identified potential location, you must submit to us, in the form that we specify, a completed detailed location evaluation package which must include an “As-Built” AutoCAD floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the location.
- (iv) Within 30 days after receipt of the detailed location evaluation package, we, in our sole discretion, may conduct an on-site evaluation of the proposed location. We do not charge a site evaluation fee for the first on-site evaluation that we conduct with respect to your Franchised Business, however, if we require, or if you request, any additional on-site evaluations, you will pay to us, in addition to our travel and living expenses, our then-current site evaluation fee.
- (v) We will use reasonable efforts to approve or disapprove a proposed location within 30 days after receipt of your detailed location evaluation package if we do not conduct an on-site evaluation or, if we do conduct an on-site evaluation, within 30 days after the on-site evaluation. If we do not approve the proposed location in writing during this period, we will be deemed to have rejected the location. Our approval or rejection of a location may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval a location in writing, and after you secure the premises, we will add a location description to an amended Schedule A, and it will be the Location.
- (vi) You are responsible for selecting the location for the Spa. Our approval of the location does not constitute a representation or warranty of any kind, express or implied, of the locations’ suitability for a Spa or any other purpose. Our approval indicates only that we believe that the location meets our then-current location selection criteria. Applying criteria that have appeared effective with other locations might not accurately reflect the potential for all locations, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of location. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the location we approve fails to meet your expectations. Your submission of a proposed location for our acceptance is based on your own independent investigation of the locations’ suitability for the Spa. Our location-selection assistance is primarily for our benefit to assure us that we will have minimally acceptable location upon the expiration or termination of this Agreement.

- (vii) Once we approve a location for the Spa in writing, your rights with respect to the Premises Selection Area will terminate and your territorial rights will be limited to those in Section 2(f).
- (k) Lease of Premises.
 - (i) If you propose to lease or sublease the Location, you must provide us with an execution copy of the lease or sublease at least 10 days before you intend to execute it. The lease or sublease (the “**Lease**”) must not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. Unless waived in writing by us, the Lease must contain provisions that are comparable to the following:
 - (1) The term of the Lease, including your renewal rights, must be no less than ten (10) years;
 - (2) You must be able to use the proprietary signs and the Marks prescribed by us, and upon the expiration or termination of the Lease or this Agreement, we or you, at your expense, must be able to remove all such items; provided that, any damage caused by such removal will be repaired;
 - (3) We must be provided with a copy of all amendments, assignments and notices of default pertaining to the Lease and the Location at the same time they are sent to you;
 - (4) We must be able to enter the Location to make any modifications or alterations necessary to protect the System and the Marks, to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge you for any related costs;
 - (5) You will be solely responsible for all obligations, debts and payments under the Lease;
 - (6) Following the expiration or termination of this Agreement, you will have the right to make those alterations and modifications to the Location as may be necessary to clearly distinguish to the public the Location from a Spa and also make those specific additional changes as we reasonably may request for that purpose. If you fail to make these alterations and modifications within 10 days after the expiration or termination of this Agreement, we will have the right to do so without being guilty of trespass or other tort; provided that, we repair any damage to the Location caused by such removal, at your expense;
 - (7) No amendment or other modification may be made to the Lease that would affect any of the foregoing requirements without our

prior written consent, which consent will not be unreasonably withheld;

- (8) You may assign the Lease to us or our designee with the property owner's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the property owner; and
 - (9) You may collaterally assign the Lease to us or our designee, granting us the option, but not the obligation, to assume the Lease from the date we take possession of the Location, without payment of any assignment fee or similar charge or increase in any rentals payable to the property owner. Our current form of Collateral Assignment of Lease is attached to this Agreement as Exhibit B.
- (ii) You acknowledge that our review of the Lease is not a guaranty or warranty, express or implied, of the success or profitability of a Spa operated at the Location. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.
- (l) Construction.
 - (i) You are responsible for developing and constructing the Spa. We will provide to you both mandatory and suggested specifications and layouts for a Spa, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. We may also provide you with suggested architectural drawings. You acknowledge that the layouts and drawings are proprietary to us. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Location and to make sure that these plans and specifications comply with the Americans with Disabilities Act and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.
 - (ii) You must retain an architect to develop stamped construction drawings of the Spa, including architectural, mechanical, plumbing and electrical plans. In addition, you must obtain structural and fire protection and any other plans as may be required by applicable state and local agencies.
 - (iii) You agree to send to us, upon our request, your construction plans and specifications or other plans for our review before you begin constructing the Spa and all revised or "as built" plans and specifications during

construction. We may inspect the Location while you are developing the Spa.

(iv) You will do the following, at your own expense, to develop the Spa at the Location:

- (1) secure all financing required to develop and operate the Spa;
- (2) procure insurance coverage for your activities under this Agreement as required by Section 12 and the Manuals;
- (3) obtain all required building, utility, sign, health, sanitation, occupancy and business approvals, and other permits and licenses;
- (4) construct all required improvements to the Location and furnish and decorate the Spa according to our approved plans and specifications;
- (5) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
- (6) purchase or lease from designated and approved suppliers, and install, all required fixtures, furniture, equipment and interior and exterior signs; and
- (7) purchase from designated and approved suppliers an opening inventory of authorized and approved products, materials, and supplies necessary to commence operations at the Spa.

(v) If you build any portion of the Spa outside of our specifications without receiving our prior written consent, we will have the right to delay the opening of the Spa until you, at your sole expense, bring the development of the Spa within full compliance with of our standards and specifications.

(m) Licensing Requirements. You may be required to obtain certain state or local licenses, permits, certificates and registrations to operate the Franchised Business, including licenses and certifications for you and your staff (collectively, "**Licenses**"). It is your sole responsibility to investigate which Licenses are necessary to the Franchised Business within the Territory.

(n) Opening of Franchised Business. You may not open the Spa unless:

- (i) We are satisfied that the Spa was constructed or renovated, equipped and furnished substantially in accordance with our standards and specifications;

- (ii) You or your Operating Principal, your general manager, and your lead esthetician have satisfactorily completed and become certified in our initial training program;
- (iii) You have hired and trained the requisite number of staff;
- (iv) You have received all required Licenses;
- (v) You have provided us with certificates for all required insurance policies and evidence of payment of premiums; and
- (vi) You are otherwise in full compliance with this Agreement and any other agreements with us, our Affiliates, and suppliers.

If you do not open the Spa on or before the last day of the twelfth full month after the Effective Date, you or we may terminate the Agreement, but we will not return any part of the Initial Franchise Fee.

3. INITIAL AND CONTINUING FEES

- (a) Initial Fee. As consideration for the initial grant of the right to operate the Franchised Business, you will pay us, upon the execution of this Agreement, an initial, non-recurring, franchise fee in the amount of \$39,500 for a new location or \$34,500 for a conversion location (the “**Initial Franchise Fee**”). A conversion location is any Location that was operated as a skincare center or spa immediately prior to the Effective Date. The Initial Franchise Fee is due and fully earned by us upon our execution of this Agreement. You will not be entitled to a refund of any part of the Initial Franchise Fee, regardless of the date of expiration or termination of this Agreement, except as specifically provided in this Agreement.
- (b) Continuing Fee. You agree to pay to us, in the manner provided below (or as the Manuals otherwise prescribe), a nonrefundable and continuing fee (the “**Continuing Fee**”) in the amount of \$1,500 per month for the right to use the System and the Marks beginning on the Start Date and throughout the Term. The Continuing Fee will be increased on January 1st of each year by the rate of inflation for the preceding year, as measured by the Consumer Price Index published by the U.S. Bureau of Labor Statistics or similar index selected by us if the U.S. Bureau of Labor Statistics no longer publishes such index.
- (c) Site Evaluation Fee. We will not charge a fee for the first on-site evaluation that we conduct for a particular Franchised Business, however, if we require, or if you request, any additional on-site evaluations with respect to the same Franchised Business, you will pay to us, in addition to our travel and living expenses, our then current site evaluation fee. The current site evaluation fee is \$500 per on-site evaluation. An on-site evaluation is necessary if the information you provide to us is inadequate for us to approve or disapprove of the proposed location.
- (d) Insufficient Funds Fee. You will pay us \$100 plus our actual costs and expenses for each instance where our collection of amounts due from you is returned for

insufficient funds.

- (e) Late Report Fee. We may charge a late report fee of \$100 for each week following the due date that you do not submit any report to us that is required by Section 11.
- (f) Interest. All amounts which you owe us for any reason, will bear interest accruing as of their original due date at the Interest Rate. We may electronically debit your business checking account for any past-due amounts and interest. You acknowledge that this Section 3(g) is not an agreement to accept any payments after they are due or a commitment to extend credit to, or otherwise finance your operation of, the Franchised Business.
- (g) Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due will be treated as anything other than a partial payment on account. Notwithstanding any designation by you, we will have sole discretion to apply any payments by you to any of your past-due indebtedness to us.
- (h) Payment Policies. You must comply with our payment policies, procedures, and requirements, as described in the Manuals, including those requiring the transfer of funds due to us under this Agreement directly from your bank account to our bank account.
- (i) Right of Offset. We may offset any amount owed by you to us or our Affiliates under or in connection with this Agreement or any related agreement against any payments owed by us to you under this Agreement or any related agreement. Such offsets will be in addition to any other rights or remedies available under this Agreement and applicable law.

4. TERM

- (a) Initial Term. This Agreement will commence on the Effective Date. The initial term will commence on the Start Date and will expire on the tenth anniversary of the Start Date (the “**Initial Term**”), unless terminated sooner in accordance with the provisions of this Agreement.
- (b) Renewal. If you have duly complied with all terms and conditions of this Agreement and all ancillary and related agreements, you may renew this Agreement for an additional term of ten years (the “**Renewal Term**”), upon the following terms and conditions:
 - (i) You will notify us in writing, not more than twelve months nor less than nine months prior to the expiration of the Initial Term, of your desire to exercise the right of renewal;
 - (ii) You are not in default of any provision of any license for the Franchised Business and are able to renew such license as necessary for the Renewal Term;

- (iii) You have not committed two or more defaults under this Agreement in the proceeding twenty-four months prior to expiration, regardless of whether or not such defaults were cured in a timely manner;
 - (iv) prior to the commencement of the Renewal Term, you will, at our option and no less than two months prior to the expiration of the Initial Term, execute our then-current form of franchise agreement which may contain new terms and conditions which may be materially different from this Agreement. You will also execute such other documents and agreements as are then customarily used by us in the granting of franchises and licenses, provided however, that you will not be obligated to pay the Initial Franchise Fee then in effect;
 - (v) you will have delivered to us, to the extent permitted by applicable law, a complete release of us, our Affiliates and our and their owners, directors, officers, employees, agents and representatives from all obligations under this Agreement and any other agreements, in a form satisfactory to us;
 - (vi) You will pay us a non-refundable renewal fee of the greater of \$10,000 or 20% of our then current initial franchise fee for new locations;
 - (vii) You will, in our sole discretion, attend additional training at your sole expense, including payment of a reasonable training fee to us; and
 - (viii) You will bring the Spa up to our then-current System Standards for new locations.
- (c) Holdover. If you, without any further agreement in writing signed by us, continue to operate the Franchised Business after the expiry of the Initial Term or any Renewal Term and we have not notified you that we do not intend to renew this Agreement, this Agreement will operate on a month-to-month basis. No deemed renewal may be imputed from the conduct of the parties in support of the month-to-month operation of the Franchised Business and we may terminate this Agreement effective at the end of any month upon at least 10 days advance written notice to you.

5. THE FRANCHISOR'S OBLIGATIONS

- (a) Training by the Franchisor. We will provide you and certain of your employees, prior to the commencement of the Franchised Business, with (i) an online training course of up to 30 hours in duration which will be made available to you, and your employees as they are hired, and (ii) in-person training at one of our corporate-owned or franchised Spas of up to 10 days in duration for you or your Operating Principal, your general manager and lead esthetician, which cumulatively cover all aspects of the Franchised Business (the "**Initial Training Program**"). You will be responsible for all related travel and living expenses and all wages and benefits payable to any trainees; no wages or benefits will be payable by us to any trainee for any service rendered by them during training. Prior to or at the conclusion of the Initial Training Program, we will provide you with online access to the

Manuals. The Manuals may be amended by us from time to time in our sole discretion. If, in our reasonable opinion, your participation in the Initial Training Program demonstrates your inability to adequately manage and operate the Franchised Business, we may, in our sole discretion, terminate this Agreement. In the event of such termination, we will refund \$10,000 of the Initial Franchise Fee to you, within seven days after the effective date of termination.

- (b) Opening Assistance. We will send one or more individuals who are familiar with the System to assist you with operations for a period of 5 days before you open the Spa and 5 days after you open the Spa.
- (c) Sales Brochures and Literature. We will provide you, at your expense and at prices to be determined by us, such sales brochures and other literature at such times and in such quantities as may be mutually agreed upon.
- (d) Operating Assistance. We may furnish you such continuing advice and guidance with respect to the operation of the Franchised Business as we determine is necessary in our sole judgement, including daily (excluding weekends and holidays), weekly and one-on-one online training sessions.
- (e) Delegation of Services by Us. We may delegate responsibility to deliver any part of the training and support that we are required to deliver to you to a third party appointed by us for such purpose.
- (f) Other Programs and Business Models. We may develop other programs or business models and will have no obligation to offer any of those programs or models to you unless they are developed for the System. Any programs or business models that are developed for the System will be operated, administered and offered to you on terms as determined by us in our sole discretion. We may make such programs or business models mandatory or optional for you. The specifics for such programs or business models, and the terms on which they will be offered to you, will be detailed in the Manuals, which will be revised to reflect any programs or business models that we may develop for the System.
- (g) Additional Training Programs. We may provide mandatory and optional training programs covering such subjects as new policies and procedures, marketing and other aspects of business operations. These programs may be conducted for various lengths of time and at various locations selected by us or may be provided by way of on-line presentations or in any other reasonable manner. We may charge a fee for additional training programs. You must pay for your employees reasonable expenses, including all travel, meal and accommodation.
- (h) Supply of Items. We will use reasonable efforts to ensure timely availability of items which we elect to provide. We will not, however, be liable for any losses or damages suffered by you as a direct or indirect result of late delivery or non-delivery of such items, regardless of the reason for late delivery or non-delivery. During a period of late or non-delivery, you may purchase the affected items from another vendor approved in advance in writing by us, such approval not to be unreasonably withheld.

- (i) Marketing Growth Plan. We will assist you with, and you will prepare, a marketing growth plan to be executed by you during the first 16 weeks of Franchise Business' operations.

6. MINIMUM PERFORMANCE REQUIREMENTS

- (a) Minimum Gross Sales. The Franchised Business must generate, as a minimum, the following annual levels of performance:
 - (i) \$300,000 of Gross Sales in the first 12-month period following the Start Date;
 - (ii) \$400,000 of Gross Sales in the second 12-month period following the Start Date;
 - (iii) \$500,000 of Gross Sales in the third 12-month period following the Start Date;
 - (iv) \$600,000 of Gross Sales in the fourth 12-month period following the Start Date; and
 - (v) \$600,000 of Gross Sales in each of the following 12-month periods (including such periods during any Renewal Term) plus a compound annual increase in Gross Sales of 5% per twelve 12-month period until year ten.

We may terminate this Agreement, reduce the size of the Territory or eliminate your territorial protections under Section 2(f), if you do not meet these annual performance requirements.

- (b) Performance Tests and Metrics. You and the Franchised Business will submit to such quality or performance tests and metrics as may be prescribed by us in the Manuals. It will be a material breach of this Agreement if you and the Franchised Business perform unsatisfactorily on such quality or performance tests and metrics, as prescribed in the Manuals, in any two consecutive quarters or more than three times in eight consecutive quarters.
- (c) Acknowledgment of the Franchisee. You acknowledge that prior to executing this Agreement and paying the Initial Franchise Fee, you have reviewed the minimum performance requirements provided for in this Agreement and agree that they are reasonable and necessary for the development of the Franchised Business, the protection of the System and for our benefit and that of our franchisees.

7. OPERATION OF THE FRANCHISED BUSINESS

- (a) Duties and Obligations. You are responsible for operating the Franchised Business strictly in accordance with the System Standards, whether contained in the Manuals, or as otherwise directed by us. Without limiting the generality of the foregoing, you will:
- (i) devote your best and full-time efforts in directing the day-to-day operations and development of the Franchised Business, which will not be less than 40 hours per week; if you elect to delegate the day-to-day operation of the Franchised Business to a general manager, the general manager must successfully complete the Initial Training Program and will be subject to the 40 hours per week requirement;
 - (ii) maintain the quality of service of the Franchised Business in accordance with the System Standards, to comply with all applicable federal, state and local laws, ordinances and regulations;
 - (iii) only sell those services and products which have been expressly approved in writing by us and in the manner and method specified by us. We will not unreasonably withhold our consent for you to engage in offering additional services and products to Clients, which complement the Franchised Business and don't compete with existing services and products;
 - (iv) purchase all equipment, products, supplies and other items as required by us in the Manuals; the prices for such items and applicable taxes will be paid solely by you;
 - (v) make all payments to us, our Affiliates, third-party suppliers and taxing authorities promptly when due and will provide proof of such payments to us upon request; and we may pay all or any portion of amounts owed to third parties on your behalf if you fail to make such payments, and if we make such payment, we will invoice you for payments made on your behalf by us and you will reimburse us immediately upon receipt of the invoice;
 - (vi) at all times maintain any and all licenses, permits, registrations and certificates necessary for the proper conduct of the Franchised Business under the terms of this Agreement and applicable laws, which is solely your responsibility;
 - (vii) ensure that all esthetician and other service providers employed by you are fully qualified, and where applicable, licensed in good standing in the State in which they provide services.
 - (viii) hire and supervise efficient, competent and courteous employees who are legally entitled to work in the United States and to set and pay their wages, employment taxes, commissions, benefits and incentives without any liability or obligation to us and in all respects manage their employment in accordance with applicable employment laws;

- (ix) conduct criminal background checks on each esthetician and other service provider and ensure that their results meet our standards prior to entering into employment agreements with, or offering employment to, such person;
 - (x) ensure that all employees hired by you dress in accordance with specifications set forth in the Manuals;
 - (xi) provide adequate telephone service for use in the Franchised Business and ensure that no business other than the Franchised Business is conducted utilizing the telephone number assigned to you for your use in the Franchised Business;
 - (xii) purchase, install and maintain at the Spa a reliable Internet connection, a router, computers, operating software (including required appointment and accounting software), printers and other computer accessories and peripherals as may be necessary for the operation of the Franchised Business, as set out in the Manuals;
 - (xiii) fully participate in all branding programs and promotions that we may require, including our first facial free promotion;
 - (xiv) hire a full- or part-time sales employee, if you are not meeting minimum performance requirements under Section 6(a);
 - (xv) utilize the forms and documents provided by us for use in the operation of the Franchised Business and maintain on such forms any copyright or trademark notices appearing on the originals of such forms;
 - (xvi) maintain statistics on the Franchised Business in accordance with the format prescribed by us and provide such statistics to us upon request, which we may disclose to other franchisees in the System, subject to applicable law; and
 - (xvii) maintain the brand image and standards of the System and not do anything that would negatively affect our image or reputation and that of the System.
- (b) System Modifications. We may add to, subtract from, modify or otherwise change the System, including, without limitation, the adoption and use of new or modified trademarks or trade names, new services or products and new techniques, and you agree, at your own cost, to promptly accept, implement, use and display all such alterations, modifications and changes.
- (c) Internet. We have established, registered and will maintain ownership of and control over the Internet domain name www.skinexperts.com and the Internet website connected to it, and we may establish and maintain other Internet domain names and Internet websites connected to them.

- (i) We may prescribe by written notice that you will be connected to, and will make use of, our Internet domain names and Internet websites, including for all Internet branding associated with the Franchised Business, in the manner and form designated or reasonably approved in advance by us.
 - (ii) You may not establish, register, maintain or use any website, domain name or other Internet presence that incorporates or is identified by any of the Marks. We reserve to ourself the exclusive right to establish and maintain an Internet website identified by or using the Marks or any derivative of them in a domain name or otherwise. Should we permit you or another party to maintain an Internet website identified by the Marks, we may withdraw our permission at any time and will retain the right to approve or disapprove of the contents of any such Internet website associated with the Marks in our sole discretion. Without limiting the foregoing, you will not engage in any use, such as linking or framing, of any Internet website associated with the Marks or the Franchised Business in association with any other Internet website or in association with any other name or trade mark or Internet domain name not owned by us, or in association with any other business.
 - (iii) We may claim ownership of, and the right to use and to license the use of, any or all of the information collected on or in connection with any Internet website associated with the Marks.
- (d) Conventions. We may hold annual conventions for all franchisees of the System. Attendance at such conventions, by you, and those of your employees and contractors designated by us, will be mandatory and at your sole cost and expense. You will pay us our then-current convention fee for each of your attendees. You acknowledge that it is in your best interests to attend such conventions. Whether or not you attend a particular convention, you will pay to us, at a minimum, the then-current convention fee multiplied by the number of franchise agreements you have in effect with us.
- (e) Discounts, Rebates and Bonuses. We are entitled to make a profit on, and to retain any volume discounts that are received by us from any manufacturer or supplier of, products that we or our Affiliates resell to you, including skincare equipment, devices, and products. We will not take any volume discounts, rebates or discount bonuses on any other products that we designate for use by you in the development or operation of the Franchised Business.
- (f) Pricing. Wherever reasonably possible, you will sell the services and products at such prices as we may reasonably suggest, which may vary from area to area. Notwithstanding the foregoing, you are under no obligation to accept such suggested resale price and you may sell the services and products at any reasonable price you choose, having regard to your desire to develop and continually increase sales and to make a profit. If you do not sell the services and products at the prices suggested by us, you will not suffer in any way in your business relations with us or any other person whom we can otherwise influence or control.

- (g) Employees. All persons providing services to your Clients must be employed by you under written employment agreements or written offers of employment and you may not engage contractors or consultants to perform such services without our prior written consent. You may hire persons on a contract basis provided such individuals do not provide services to your Clients; for the avoidance of doubt, such persons may perform services such as generating sales or administrative and accounting functions. You have the sole right to hire, terminate, discipline, train and determine working schedules for your employees and contractors and you will set wage rates for your employees and contractors without input or guidance from us.
- (h) Contact with Clients; Mystery Shopper; Franchisee Evaluation. To assure that the standards set forth in the Manuals are followed and to gather information about Client satisfaction, we may contact Clients to conduct customer satisfaction surveys. You will make every effort to satisfy any Client complaints or problems noted in such surveys or that may otherwise be brought to our attention. We may, directly or indirectly, contact you anonymously to evaluate your compliance with this Agreement, the System and the System Standards.
- (i) Taxes. You will promptly pay when due all taxes, or other governmental assessments, levied or assessed by reason of your operation of the Franchised Business and your performance under this Agreement. As such, you will pay any tax including, but not limited to, sales, use, value added, occupation, gross receipts, registration, ad valorem, excise, taxes (including any interest charge or penalty that may result therefrom), duty, fee or other governmental charge, or any other public or private fee, charge or assessment now or hereafter levied based on your operation of the Franchised Business. Upon our request, you will provide us with proof of proper reporting and payment of all taxes for which you are responsible under this Agreement. You will not allow any tax or governmental lien, tax sale or seizure by levy or execution of similar writ or warrant to occur against the Franchised Business and agree to fully indemnify and defend us and our Affiliates from any cost, expense or obligation we or they may incur (including costs of defense and attorneys' fees) as a result of any claim asserted by any governmental agency for any tax or assessment (including interest and penalties) alleged to be due by reason of your operation of the Franchised Business or your performance under this Agreement.

8. MANUALS AND CONFIDENTIALITY

- (a) Compliance with Manuals. You will conduct the Franchised Business strictly in accordance with all of the provisions set out in the Manuals as we may amend from time to time. You will ensure that all employees comply with the provisions as set out in the Manuals or as otherwise directed by us and that all employees are properly trained and knowledgeable of our policies as in effect from time-to-time.
- (b) Non-Disclosure. You maintain no property or other rights or claims of any kind in or to any element of the System, the Marks, the Intellectual Property or any matters dealt with in the Manuals and that all disclosures made to you relating to

the System and including, without limitation, the specifications, standards and procedures. The Manuals are provided to you solely on a confidential basis and as protected trade secrets in which we have a substantial investment and a legitimate right to protect against unlawful disclosure. You will maintain the confidentiality of all such information during the Term of this Agreement and at any time after expiration or termination of this Agreement and will not disclose any of the contents of the Manuals, or any information whatsoever with respect to the Franchised Business or our business affairs or the System other than as may be required to enable you to conduct the Franchised Business and strictly on a “need to know” basis. You will not use any such confidential information, techniques, systems or client lists in any other business or in any manner not specifically approved in writing by us. You will have your employees, contractors and agents execute our standard form of non-disclosure agreement. You will take all reasonable steps necessary to ensure that your employees, contractors, and agents maintain the confidentiality of our Confidential Information. You will notify us immediately if you know or have reason to know that one of your employees, contractors, or agents is in breach of the confidentiality agreement. This Section will survive the termination of this Agreement for any reason whatsoever.

- (c) Manuals are Property of the Franchisor. You will be granted access to the Manuals exclusively for the purpose of operating the Franchised Business and they and the information contained in them will at all times remain our sole and exclusive property. You will not, without our prior written consent, print or make any copies of any portion of the Manuals or store those copies anywhere other than the Location. Upon the expiration or termination of this Agreement for any reason, you will immediately return to us all copies of any portion of the Manuals which you may have been permitted to make.

9. BRANDING

- (a) You may conduct such branding and promotions in respect of the Franchised Business as you, in your reasonable discretion, desire provided that:
 - (i) You will advertise and promote only in a manner that will reflect favourably on us, you, the Services and the good name, goodwill and reputation of same;
 - (ii) You will submit to us for our approval, which approval will not be unreasonably withheld or unduly delayed, all branding and promotions to be utilized by you and until such time as we give our prior written approval to the use of such branding and promotions, you will not utilize same in any branding or promotion;
 - (iii) You acknowledge that we are the sole and exclusive owner of all copyrights and any and all branding and promotional material prepared by us or on our behalf or prepared by you or on your behalf and the same will at all times remain our property; and

- (iv) any commentary on the Internet or other mass communications network by you regarding the Franchised Business or the Marks, including your use of social media for the purpose of promoting the Franchised Business, will be done strictly in accordance with the policies set out in the Manuals. You will provide us with full access at all times to any social media account that is used for promoting the Franchised Business including the provision of passwords, and upon expiration or termination of this Agreement for any reason, you will transfer such accounts to us.
- (b) General Branding Fund.
 - (i) We may maintain a branding and promotion fund (the “Fund”) to help cover the cost of branding and promotions for the benefit of the System. If and when implemented by us, you will contribute to the Fund in an amount up to two (2%) percent of Gross Sales. Any amounts payable to the Fund will be paid in accordance with our payment policy and will be based upon Gross Sales for the preceding month.
 - (ii) We will direct all Fund programs in our sole discretion, including development of creative concepts and materials, obtaining endorsements, and selecting the media to be used.
 - (iii) The Fund will be used and expended for branding activities, media costs, commissions, market research costs and creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to branding and promotional programs undertaken by us. We reserve the right to place and develop such branding and promotions and to market them as your agent, either directly or through an advertising agency retained or formed for such purpose. The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, that we may incur in activities reasonably related to the administration or direction of the Fund and our branding programs (including, without limitation, conducting market research). A statement of the operations of the Fund will be prepared annually and will be made available to you upon request, the cost of such statement to be paid by the Fund.
 - (iv) The Fund is intended to maximize general public recognition and patronage of all franchisees in the System, and we undertake no obligation in administering the Fund to ensure that any particular franchisee, including you, benefits directly or pro rata from the placement or conduct of such branding and promotion.
 - (v) The Fund may not be used to advertise for new franchisees, however, promotional material may include reference to franchising opportunities and may result in franchise sales.

- (vi) Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund. You are not a third-party beneficiary and will have no right to enforce any contributions from other franchisees or the administration of the Fund. Our obligations with respect to the Fund will be contractual in nature and you will have no proprietary right in the Fund. The Fund will not constitute a trust fund.
 - (vii) We have no obligation to ensure that any particular franchisee, including you, benefits directly or pro-rata from the placement or conduct of any branding and promotion. We will use our reasonable efforts to place or conduct branding and promotion in your general geographic area in the manner and to the extent we deem reasonable.
 - (viii) You will fully participate in all branding and promotional activities, including the introduction of new products, vendor relationships, grand opening or other branding programs directed and approved by the us, as we may require, including our first facial free promotion which may be maintained throughout the Initial Term and any Renewal Term.
- (c) Regional Branding Cooperative. We, you or other franchisees may recommend the establishment of a regional branding cooperative for the purpose of branding and promotion, including the size of the region and the amount to be spent (the “**Branding Cooperative**”). The Branding Cooperative will be mandatory for you, if 75% of the franchises in the region consent to it. Each franchise in the proposed region will have one vote without regard to ownership. You will contribute your pro rata share (based on the number of franchises in the region) of the costs of the Branding Cooperative. The number of franchises in the region may change at any time; therefore, the amount that you may have to contribute to the Branding Cooperative may change at any time. These contributions will be paid to us monthly in accordance with our payment policy. The Branding Cooperative will be in addition to all other branding and promotion expense obligations under this Agreement. The Branding Cooperative will be organized and governed in the form and manner that we determine in our sole discretion, will be administered by us, and all branding and promotional plans or materials will be subject to our prior written approval. We will use reasonable efforts to place or conduct branding and promotion in the general geographic area subject to the Branding Cooperative in the manner and to the extent deemed reasonable by us. If one franchisee ownership group represents more than 50% of all franchises in a region, we will facilitate the development of an agreement between the franchisees in the region that is in the best interest of each franchisee within that region. The agreement between franchisees will be subject to our written approval, in our sole discretion.
- (d) Pre-opening Branding and Promotion. You will spend not less than \$15,000 on a pre-opening and opening promotional campaign for the Franchised Business during the period from at least one (1) week immediately preceding the opening of the Franchised Business and until three (3) weeks after the opening of the Franchised Business in the manner prescribed by us. We will assist you to select media purchases for such branding and promotion and for your initial recruitment

of potential clients. We will provide you with approved stock graphic designs, layouts and written copy for use in your advertisements and brochures.

- (e) Local and Online Marketing. Beginning on the Start Date and continuing for each month thereafter, you will spend \$3,500 on local marketing initiatives, including (A) at least \$2,000 on digital marketing (e.g., Google search, Instagram), (B) advertisements in local newspapers and other publications, (C) mall advertising (e.g., digital billboards), and as otherwise prescribed in our Local and Online Marketing Policy. Your local and online marketing spending requirement does not include costs relating to the wages or commissions of salespeople.

10. MARKS

- (a) Ownership. Your right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to your conduct of business under, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed by us. Your unauthorized use of the Marks is a breach of this Agreement and an infringement of our rights and those of our licensor in and to the Marks. Your use of the Marks, and any goodwill created by such use, will inure to our benefit of the Franchisor and that of our licensor. You will not at any time acquire an ownership interest in the Marks by virtue of any use you may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to you. You will not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All goodwill created by you or by your use of the Marks in operating the Franchised Business will immediately vest to us and our licensor.
- (b) Limitations on Use. Without in any way restricting or limiting Section 10(a), you will:
 - (i) not use any Mark or portion of any Mark as part of any business entity name;
 - (ii) not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by us;
 - (iii) give such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business;
 - (iv) not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to you;

- (v) not use any Mark on any employment related document in a way that may imply that we are the employer, including on pay checks or electronic payment notices; and
- (vi) include on your letterhead, forms, cards, stationery, commercial premises, the following prominent and conspicuous notice or such other notice as we may be designate in the Manuals:

“This business is owned and operated independently by [insert your proper legal name] who is an authorized licensed user of the trademark “Skin Experts By Brentwood Spa, which is a trademark of Brentwood Spa Trademark Inc.”

- (c) Notification of Infringement or Claims. You will immediately notify us if you become aware of any infringement of the Marks or challenge to your or our use of any of the Marks or claim by any person of any rights in any of the Marks. You will not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim; provided, however, you may communicate with your own counsel at your expense. We have the right to take such action as we deem appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, claim or otherwise relating to any of the Marks. You will execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our or our licensor’s interests in any such litigation or other proceeding or to otherwise protect and maintain the our or our licensor’s interests in the Marks.
- (d) Indemnification for Use of Marks. We will reimburse you for all expenses reasonably incurred by you in defending any trademark or similar proceeding disputing your authorized use of any Mark, provided that you have complied with the provisions of Section 10(c) and have complied with this Agreement and our directions in responding to such proceeding. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark. This indemnification will not include the expense you of removing signage or discontinuance of the use of the Marks. This indemnification will not apply to litigation between us and you where your use of the Marks is disputed or challenged by us. This indemnification will not apply to any separate legal fees or costs incurred by you in seeking independent counsel separate from the counsel representing us and you in the event of litigation disputing our and your use of the Marks.
- (e) Discontinuance of Use. If we deem it necessary for you to modify or discontinue use of any of the Marks or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, you will comply with our directions within 10 business days after notice to you by us and subject to the limitations in Section 10(b). We will not be required to reimburse you for your expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark.

- (f) Franchisor's Sole Right to Domain Name. You will not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Skin Experts", "Brentwood Spa" or any variation of them without our written approval. We and our licensor are the sole owners of all right, title and interest in and to such domain names as we may designate in the Manuals.

11. ACCOUNTING, RECORDS, REPORTS, AUDITS AND INSPECTIONS

- (a) Bookkeeping, Accounting and Records. You will establish a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by us, including the use and retention of invoices, cash receipts, inventory records, estimating sheets, purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals and general ledgers together with such further and other records and documents as may be required by us, and including computerized bookkeeping and accounting systems. In the event that we establish computerized bookkeeping, accounting or record keeping systems for our franchisees, you will utilize such systems and pay all reasonable fees charged by us or others for the use of such systems and to purchase or lease all necessary computer hardware and software. You will grant us full access to these records at all times.
- (b) Reports and Financial Information.
- (i) You will furnish to us such reports, Client data and financial information in a format and using a chart of accounts as we may require. Without limiting the generality of the foregoing, you will furnish to us in the form prescribed by us and together with such detail and breakdown and copies of supporting records as we may require:
- (1) if the Fund or a Regional Cooperative is implemented, then by 12:00 p.m. (where the Franchised Business is located) of the tenth (10th) day following the end of each month, a report of the Gross Sales for such month, signed and verified by you; provided that if the tenth (10th) day following the end of a particular month is not a business day, then such report will be due on the last business day immediately prior;
 - (2) within sixty (60) days after the end of each three (3) consecutive months, a profit and loss statement for the Franchised Business for such months, signed and verified by you;
 - (3) within sixty (60) days after the end of each fiscal year of the Franchised Business, financial statements for the Franchised Business, including a balance sheet, profit and loss statement and a statement of retained earnings for such period, which statements will be signed and verified by you;

- (4) within sixty (60) days of the end of each fiscal year of the Franchised Business, a statement of Gross Sales for such fiscal year determined in accordance with generally accepted accounting principles applied on a consistent basis;
- (5) if the Fund or a Regional Cooperative is implemented, then within thirty (30) days of filing, a true copy of all returns, schedules and reports filed by you, for income, corporate or sales tax purposes; and
- (6) within ten (10) days of Franchisor's request, a true copy of all returns, schedules and reports filed by your shareholders, partners, or members.

If the reports and financial information available through the system, furnished under 11(b)(i)(1) through (6) of the Franchise Agreement or otherwise made available to us, reveal inconsistencies, including underreporting of Gross Sales, we may require you to provide audited financial statements of the Franchised Business at your sole expense, prepared by a nationally-recognized certified public accounting firm capable of performing such engagement in our reasonable opinion.

- (ii) You authorize us to make inquiry of your bankers, suppliers and other trade creditors as to their dealings with you in relation to the Franchised Business, to discuss the affairs, finances and accounts of the Franchised Business (and by you execution of this Agreement, you authorize and direct such bankers, suppliers and other trade creditors to discuss with us the affairs, finances and accounts of the Franchised Business) and to obtain information and copies of invoices relating to sales or other dealings with all such persons and you in any way relating to the Franchised Business. If requested, you will execute and deliver such directions and other documents as we may require permitting such bankers, suppliers or other trade creditors to release or disclose any such information and documents to us.

(c) Inspection and Audit of Books and Records.

- (i) We, or an authorized person or entity designated by us, will have the right, during normal business hours and with reasonable prior notice to you, to inspect or audit, or cause to be inspected or audited, the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchised Business, including the right, without limitation, to have a person check, verify and tabulate Gross Sales or to examine and make copies of all accounting and business records and procedures.
- (ii) In the event that any such audit or inspection discloses an understatement of Gross Sales, you will pay to us, within two (2) days after your receipt of the inspection or audit report, the Fund and Regional Cooperative

contributions and any other sums due on account of such understatement. Further, (1) if such audit or inspection is made necessary by your failure to furnish reports, financial statements or any other documentation as required under this Agreement, (2) if it is determined by any such audit or inspection that your records and procedures were insufficient to permit a proper determination of Gross Sales for any year or part of it to be made, (3) that Gross Sales for the period in question were understated by three (3%) percent or more of the Gross Sales actually received, (4) that Gross Sales were deliberately misstated in any way, or (5) that you were not complying with each of the provisions of this Section 11, we will immediately take such steps as may be necessary to remedy such Default in accordance with the recommendations of such auditor and you will promptly pay to us all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of our employees. In addition, we may require you to pay \$10,000 to offset our additional damages, if (3) or (4) directly above occur. Any remedies under this Section 11(c)(ii) are in addition to any other remedies available to us under this Agreement or at law.

- (iii) If your records and procedures were insufficient to permit a proper determination of Gross Sales, we may deliver to you an estimate, made by us, of Gross Sales for the period under consideration and you will immediately pay us any shortfall in your Fund and Regional Cooperative contributions and other sums due, based on the estimate.
- (d) Auditor's Report to be Final. Any report of our auditor rendered under this Section will be final and binding upon all of the parties; provided that, in making any such report, our auditor will make such report under generally accepted accounting principles.

12. INSURANCE

- (a) Comprehensive General Liability. You will, at your own expense and without limiting your liabilities under this Agreement, take out such policies of insurance in respect of the Franchised Business for such amounts and covering such risks as we may prescribe. You must obtain insurance coverage only from the insurance broker and those insurance companies that we designate.
- (b) Evidence of Insurance. Before beginning operation of the Franchised Business, you will provide us with one or more certificates of insurance evidencing:
 - (i) the prescribed coverage (see chart below);
 - (ii) Us and Kul Holdings Inc. and the directors, officers and employees of both entities and/or such other parties as we may prescribe, as additional insureds;

- (iii) a cross-liability clause showing that each of the named insureds and additional insureds will be entitled to indemnity from the insurer in respect of liability to any one or more of the insureds or additional insureds;
- (iv) that the coverage is primary and non-contributory; and
- (v) that the coverage under the respective policy may not be modified (except to increase coverage) or canceled until at least 30 days after we have received written notice of the cancellation or modification.

You will similarly provide us evidence of each renewal of insurance coverage at least ten (10) days before the expiry of any insurance coverage required by this Agreement and will immediately notify us of any actual, threatened, or possible early termination of any of your insurance policies. You will provide all necessary consents to permit us to communicate directly with your insurers regarding any of your policies of insurance; provided, however, that such consent will only apply to policies owned by you as they relate to the Franchised Business.

General Liability Insurance Minimums	
Professional Liability (per occurrence)	\$1,000,000
Professional Liability (aggregate)	\$2,000,000
Commercial General Liability (per occurrence)	\$1,000,000
Commercial General Liability (aggregated)	\$2,000,000
Cyber Liability	\$250,000
Sexual Misconduct and Physical Abuse Liability	\$1,000,000
Tenant Legal Liability (if applicable)	\$50,000
Employee Benefits Liability	\$1,000,000
Non-owned Auto Liability	\$1,000,000
Medical Expenses	\$5,000
Additional Insured for Mortgagees, Lenders, clients (when applicable or required)	Include in General Liability
Crime (employee theft with first- and third-party coverage)	\$50,000 \$2,500 max deductible

- (c) Workers' Compensation, Employer's Liability and Automobile (Third Party Liability) Insurance. You will also purchase and maintain workers' compensation, employer's liability and automobile (third party liability) insurance in the amounts required in the Territory with a reputable insurer or with a state agency. The amount of third-party liability insurance for your automobile must be at least \$1 million (or higher if required by the applicable state) and an umbrella policy may be purchased by you to augment state minimums up to the required amount.
- (d) Copies. If requested by us at any time, you will promptly deliver copies of all required policies or certificates of insurance and their renewals promptly to us or our insurance agent.
- (e) Placement of Insurance by the Franchisor. If you fail to take out or keep in force any insurance referred to in this Section 12, or should any such insurance not be as

provided in this Section 12, we may, without assuming any obligation in connection therewith, to effect such insurance at your sole cost. You will immediately pay us all outlays made by us for your insurance without prejudice to our other rights and remedies under this Agreement.

- (f) Revisions. The minimum coverage amounts and coverage specifications in this Section 12 may be revised by us in the Manuals to reflect inflation, general industry standards or our future experience with claims and you will update your coverage immediately.

13. RESTRICTIVE COVENANTS AND TRADE SECRETS

- (a) Competition During Term of Agreement. During the Term of this Agreement, neither you nor any Principal, nor any of your or their Affiliates or Related Persons, will, without our prior written consent, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate, company or corporation, as principal, agent, owner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guaranty the debts or obligations of or permit their names or any part of their names to be used or employed in any business operating in competition with or similar to the Franchised Business or businesses similar to the Franchised Business. Without limiting the generality of the foregoing, neither you nor any employee or consultant of yours will offer, directly or indirectly, any of the Services outside of the Franchised Business.
- (b) Competition after Termination. In the event of the expiration or termination of this Agreement for any reason whatsoever, neither you nor any Principal, nor any of your or their Affiliates or Related Persons, will, without our prior written consent, at any time during the period of five (5) years from the date of such expiration or termination (the “**Restricted Period**”) either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company, corporation or franchisor, as principal, agent, owner or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guaranty the debts or obligations of or permit their name or any part of their name to be used or employed by any person or persons, firm, association, syndicate, company, corporation or franchisor engaged in or concerned with or interested in any Competitive Business within the Territory or within a thirty (30) mile radius of:
 - (i) the perimeter of the Territory; or
 - (ii) the perimeter of the territory of any other franchisee of the System or the system of any of our Affiliates during the Restricted Period.
- (c) Acknowledgement of Corporate Franchisee. In the event you are an entity, you covenant and agree to deliver to us at any time that we may request, the written acknowledgement of your owners, directors, managers, officers or employees (as applicable), as we may in our reasonable discretion determine, acknowledging that

they have reviewed the provisions of this Section 13 and that they agree to abide by and be bound by all such provisions.

14. SALE, ASSIGNMENT OR TRANSFER

(a) Assignment by the Franchisee.

- (i) You acknowledge that we, in granting this franchise and the rights and interests under this Agreement, have relied upon, among other things, your character, background, qualifications and financial ability and, where applicable, that of your Principals. Accordingly, this Agreement, and your rights and interests under it and the property and assets owned and used by you in connection with the Franchised Business (including, for certainty, any and all Client information, referral sources and employee lists) may not be sold, assigned, transferred, shared or encumbered in whole or in part in any manner whatsoever (collectively, a “**Transfer**”) without our prior written consent after your having given three (3) months’ notice to us of such a Transfer. Any direct or indirect change in your ownership interests (as applicable) will constitute a Transfer.
- (ii) prior to seeking such consent, you will provide us with a right of first refusal as described below. Any actual or purported assignment occurring by operation of law or otherwise without the Franchisor’s prior written consent will be a Default of this Agreement and will be null and void. We will not unreasonably withhold or delay our consent to a Transfer.
- (iii) in considering the request for sale, assignment, transfer or encumbrance under Section 14(a), we may consider, among other things, the information set out in the transferee’s franchise application, the qualifications, good character, requisite general business experience, apparent ability to operate the Franchised Business and credit standing of the proposed transferee and its owners, directors, managers and officers, as applicable. In addition, we may require as a condition precedent to the granting of our consent that:
 - (1) as of the date of your request for consent and as of the effective date of a Transfer, there will be no Default in the performance or observance of any of your obligations under this Agreement or any other agreement between you and us or any our Affiliates or your or our suppliers including, without limitation, the requirement to give advanced notice of any Transfer;
 - (2) you will have settled all outstanding accounts with us, our Affiliates and all other trade creditors of the Franchised Business up to the date of closing of the proposed Transfer;
 - (3) you will have delivered to us a complete release of us, our Affiliates and our and their owners, directors, officers and employees, agents and representatives from all obligations or

claims relating to or arising under this Agreement of any such persons, in a form satisfactory to us;

- (4) the proposed transferee will have entered into a written assignment, in a form prescribed by us or, at our option, executed a new franchise agreement in the then-current form being used by us, which may provide for, among other changes, a higher continuing fee, a royalty, and for greater expenditures for branding and promotion than are provided in this Agreement, a general release in favor of the us, our Affiliates and our and their owners, directors, officers and employees, agents and representatives and will have executed such other documents and agreements as are then customarily used by us in the granting of franchises;
 - (5) the proposed transferee will have provided guaranties, in a form acceptable to us, from anyone whom we may request, guarantying the proposed transferee's performance of the transferee's obligations under the agreements to be entered into;
 - (6) the proposed transferee completing, to our satisfaction, such training in the operations of the Franchised Business, at the proposed transferee's or your sole expense, as we may require;
 - (7) the proposed transferee providing, to our satisfaction, a business plan indicating that the proposed transferee possesses the required level of business experience and acumen necessary in the operation of the Franchised Business;
 - (8) the purchase price to be paid to you by the proposed transferee is reasonable in the circumstances; and
 - (9) your paying to us any fees or expenses which may be incurred by the us in dealing with your transfer application and our then existing Transfer fee, whether or not such approval is given or the Transfer is completed, which is currently \$25,000, of which \$10,000 dollars will be payable upon your written notification to us of your intent to sell the Franchised Business and will not be refundable whether or not you complete such Transfer of the Franchised Business, and the balance payable upon the closing date of the Transfer.
- (iv) Our refusal to consent to the proposed Transfer based upon the non-compliance with any of the conditions in Section 14(a) will not be deemed to be an unreasonable withholding of such consent. Our consent to a Transfer will not operate to release you from any liability under this Agreement.
- (b) Right of First Refusal. Without in any way derogating from the our right to reject a proposed Transfer under Section 14(a), if at any time or times during the term of

this Agreement, including any renewal of this Agreement, you obtain a bona fide offer (the “Offer”) to acquire the whole or any part of your interest in the Franchised Business, which you wish to accept, you will promptly give written notice to us together with a true copy of the Offer. Upon receipt of such notice and Offer, we will have the option of purchasing the Franchised Business upon the same terms and conditions as those set out in the Offer except as otherwise described below.

- (i) There will be deducted from the purchase price the amount of any commissions or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale under the Offer.
 - (ii) We will have the right to substitute cash for any other form of consideration specified in the Offer and to pay in full the entire purchase price at the time of closing.
 - (iii) We may exercise our option at any time within twenty (20) days after receipt of notice from you by giving written notice to you. If we decline to exercise such option and if such transfer is approved by us, you may complete the transfer to the third-party transferee in accordance with the Offer, provided that, notwithstanding the terms of the Offer, the transaction must be completed within ninety (90) days of the date on which we notify you of our approval of such transaction. If the transaction is not completed within ninety (90) days, the foregoing provisions of Section 14(a) will apply again in respect of the proposed Transfer and so on.
 - (iv) In addition to providing us with the Offer, you will provide us with information relating to the business reputation and qualifications to carry on the Franchised Business of the proposed transferee and any credit information you may have as to the financial ability and stability of the proposed transferee, including, a personal net worth statement of the proposed transferee or its principals (as applicable) and if the proposed transferee is a corporation, limited liability company, partnership, or other entity, its latest financial statements.
- (c) Sale of Shares or Other Interest in the Franchisee. If you are a corporation, limited liability company, partnership or other entity, any transfer or issuance of shares, membership interests, partnership interests or other ownership interests, or other transaction or series of transactions involving the same (whether by operation of law or otherwise), will be deemed to constitute a Transfer for the purposes of this Agreement and require adherence to the requirements of a Transfer under this Agreement, including the requirements under Section 14(a).
- (d) Assignment to a Controlled Corporation. An assignment of the Franchised Business by you (if an individual or individuals) to a corporation, limited liability company or other entity which is entirely owned and controlled by you or a transfer of the Franchised Business from one shareholder, member or partner to another shareholder, member or partner will not be deemed to be a Transfer of the Franchised Business for the purposes of this Section, provided that:

- (i) you (if an individual or individuals) or your Principals (if you are an entity) are possessed of and will retain at all times during the Initial Term and any exercised Renewal Term, indefeasibly vested legal and beneficial ownership of not less than seventy-five (75%) percent of the outstanding voting equity of the assignee entity;
 - (ii) you are and will remain a Principal of the assignee entity;
 - (iii) at our option, each individual owner (whether direct or indirect) of the assignee entity will enter into a personal guaranty in the form prescribed by us agreeing to personally guaranty the performance of your obligations under the Franchise Agreement and any other agreement between you and us or our Affiliates;
 - (iv) notwithstanding the assignment, the assignor will remain liable, jointly and severally with the assignee entity and guarantors, for all of your obligations under this Agreement and any other agreement between you and us or our Affiliates;
 - (v) the assignor assigns to the assignee all assets, leases, intangibles (including without limitation, insurance contracts) and all other assets held by the assignor that are necessary for or used in the Franchised Business; and
 - (vi) you pay us, our then existing Transfer fee for such Transfer, whether or not our approval is given or the Transfer is completed, which Transfer fee is currently no charge for an assignment of the Franchised Business by you (if an individual or individuals) to an entity entirely owned by you, and \$500 for an assignment of the Franchised Business by you (if an individual or individuals) where the effective control remains with you or your Principals with less than twenty-five (25%) percent of the outstanding voting equity of the entity being granted or sold to others, and five hundred (\$500) dollars for a transfer of ownership interests in the Franchised Business from one shareholder or partner to another shareholder or partner, in each case payable upon your written notification to us of your intent to make the Transfer and will not be refundable whether or not you complete the Transfer.
- (e) Assignment by a Controlled Corporation by another Controlled Corporation. An assignment of the Franchised Business by an entity to another entity with the same ownership of the outstanding voting equity of the entity will not be deemed to be a Transfer of the Franchised Business for the purposes of this Section, provided that:
- (i) at our option, each individual owner (whether direct or indirect) of the assignor will enter into a personal guaranty in the form prescribed by us agreeing to personally guaranty the performance of your obligations under the Franchise Agreement and any other agreement between you and us or our Affiliates and each individual owner who previously provided a

personal guaranty with respect the assignor will provide a personal guaranty with respect to the assignee;

- (ii) notwithstanding the assignment, the assignor will remain liable, jointly and severally with the assignee entity and guarantors, for all of your obligations under this Agreement and any other agreement between you and us or our Affiliates;
 - (iii) the assignor assigns to the assignee all assets, leases, intangibles (including without limitation, insurance contracts) and all other assets held by the assignor that are necessary for or used in the Franchised Business; and
 - (iv) you pay us, our then existing Transfer fee for such Transfer, whether or not such approval is given or the Transfer is completed, which Transfer fee is currently five hundred (\$500) dollars, payable upon your written notification to us of your intent to make the Transfer and will not be refundable whether or not you complete the Transfer.
- (f) Assignment by the Franchisor. In the event of a sale, transfer or assignment by us of our interest in the System or the Marks or any parts of them, or in the event of any sale, transfer or assignment by us of this Agreement or any interest in it, to the extent that the purchaser assumes the our covenants and obligations under this Agreement, we will thereupon and without further agreement be freed and relieved of all liability with respect to such covenants and obligations.

15. DEATH OR INCAPACITATION

- (a) Death or Incapacitation. Upon your death or permanent disability if you are an individual, or your controlling shareholder, member or partner as the case may be if you are an entity, then your estate or you may, within one hundred and eighty (180) days after the death or permanent disability, to assign this Agreement to a person who, in our reasonable opinion, is financially and operationally capable of carrying on, or causing you to carry on, your obligations under this Agreement. Your spouse and/or adult child or that of your controlling shareholder, member or partner may continue to operate the Franchised Business during the one hundred and eighty (180) days period after the death or permanent disability provided that they are, in our reasonable opinion, capable of carrying on the Franchised Business and they directly covenant and agree with us to be bound by the terms and conditions of this Agreement and those of any other agreements made between you and us or our Affiliates.
- (b) Deemed Permanently Disabled. For the purposes of this Section 15, you or any controlling shareholder, member or partner will be deemed to have a “permanent disability” if your, or your controlling shareholder’s, member’s or partner’s, usual participation in the Franchised Business is for any reason curtailed for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement, including renewals.

16. DEFAULTS & TERMINATION

- (a) Events of Termination. We may terminate this Agreement only for Cause or unless otherwise agreed to in writing by you and us. We may terminate this Agreement upon notice to the Franchisee upon the following events of default which constitute Cause:
- (i) If you violate any provision of this Agreement and fail to fully cure such violation within five (5) days after notice of default if the default is your failure to make a timely payment of sums due to us or our Affiliate and within a reasonable time (not to exceed thirty (30) days) after notice for any other default.
 - (ii) Notwithstanding the foregoing Section 16(a)(i), and subject to applicable state law, we may terminate this Agreement effective immediately upon written notice if you or any Principal:
 - (1) fails to timely commence or complete to our satisfaction the Initial Training Program, or if the Franchised Business is not opened before thirty (30) days after the completion of the Initial Training Program or by the Start Date, as applicable;
 - (2) has misrepresented or omitted material facts in the application or other materials provided to us prior to the parties entering into this Agreement; or makes an intentional misrepresentation to us regarding the Franchised Business after the parties enter into this Agreement;
 - (3) fails to either obtain all permits, certifications or licenses necessary to open and operate the Franchised Business by the first day of the sixth full calendar month following the Effective Date or diligently pursue licensure as reasonably determined by us; or you fail to properly maintain such permits, certifications or licenses;
 - (4) engages in any dishonest, criminal or unethical behavior or conduct in respect of the Franchised Business or in such dishonest, criminal or unethical behavior or conduct not in respect of the Franchised Business but that could, in our opinion, adversely affect us, the Franchised Business or the goodwill associated with the System or the Marks, regardless of whether you or the Principal is ultimately charged or convicted of any such crime;
 - (5) ceases, or threatens to cease, to carry on the Franchised Business or fails to operate the Franchised Business continuously during the term of this Agreement during normal hours of operation or ceases to communicate with us;

- (6) makes or purports to make a general assignment for the benefit of creditors, has a receiver or similar custodian appointed or makes a disposition of substantially all of your or its assets, or any of the assets of the Franchised Business are seized, taken over or foreclosed upon;
- (7) institutes any proceeding, or becomes the subject of any proceeding, relating to insolvency or bankruptcy;
- (8) becomes administratively dissolved or otherwise, or takes steps to initiate the winding-up, dissolution, or liquidation of either you or any Principal;
- (9) becomes insolvent or is unable to meet all of your or its obligations as they become due;
- (10) commits a violation for the third time of any provision of this Agreement (whether or not the same provision each time) within any twelve (12) month period, for which first two (2) violations we have given you written notices of default;
- (11) allows a judgment for the payment of money in any amount in excess of two thousand five hundred (\$2,500) dollars to remain unsatisfied for a period of more than twenty (20) days (unless an appeal has been filed and is in process);
- (12) defaults under any contract of conditional sale, mortgage or other security instrument related to the Franchised Business;
- (13) subject to the provisions of Section 15, if you or your controlling shareholder, member or partner as the case may be, dies or otherwise becomes permanently disabled and your or your Principal's spouse or an adult child does not desire or is not capable to continue to operate the Franchised Business as provided in accordance with the provisions of the said Section 15 or the executor, administrator, or personal representative has failed to transfer your interest to a third party, approved by us within six (6) months after the death or permanent disability;
- (14) makes any unauthorized use, disclosure or duplication of any portion of the Manual or the passwords, access codes or usernames to access the Manual in electronic format or duplicates, discloses or makes any unauthorized use of any Confidential Information;
- (15) submits to us on three (3) or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records which understate by more than three percent (3%) the Gross Revenue for any accounting periods,

and you are unable to satisfactorily demonstrate to us that such understatements resulted from inadvertent error;

- (16) misuses or makes an unauthorized use of any Marks or commits any act which action can reasonably be expected to impair the goodwill associated with any Marks;
 - (17) attempts to assign, transfer, or sell the clients or the client service contracts or the identity of clients of the Franchised Business without our written consent;
 - (18) violates and fails to cure any health, safety or other local, state or federal laws, regulation or ordinances in a manner which presents a hazard to a Client of the Franchised Business or other member of the public as required by applicable law; or
 - (19) participates in the Initial Training Program and demonstrates, in our reasonable opinion, an inability to adequately manage and operate the Franchised Business.
 - (20) beaches Sections 8(b) (Non-Disclosure) or 13(a) (Competition during Term of Agreement) or purports to affect a Transfer without complying with Section 14 of this Agreement.
- (b) Cross Default. If you or one of your Principals is or has a controlling interest in another franchised business in the System, then a Default under this Agreement will constitute a default under such other franchise agreement, and vice-versa, with the like remedies available to us, and should such other franchise agreement be terminated for any reason, we may terminate this Agreement.
- (c) Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason whatsoever, you will observe the following post-termination obligations:
- (i) You will, immediately upon our request (in order that we may protect the Marks and other proprietary rights and our other franchisees), permit us or our representatives to enter any commercial premises used in connection with the Franchised Business and, at our option, to cure any Default by you, to operate the Franchised Business for our account or to secure your complete and timely compliance with the other obligations set forth in this Section.
 - (ii) You will immediately discontinue the operation of the Franchised Business, and the use of the Marks and other proprietary rights licensed under this Agreement, and similar names and marks, or any other designations or marks associating you with us or the System. You will cease displaying and using all signs, stationery, letterheads, packaging, forms, marks, manuals, bulletins, instruction sheets, printed matter, advertising and other physical objects used in connection with the System

or containing or bearing any of the Marks or other names, marks or designations and will not thereafter operate or do business under any name or in any manner in violation of Section 10(b) or that might tend to give the general public the impression that you are associated with us or the System or that you are operating a business similar to a Franchised Business or that you previously conducted business under the Marks.

- (iii) You will notify the telephone company and all listing agencies of the expiration or termination of this Agreement and with it your right to use any telephone number and any classified or other telephone directory listings associated with the Marks and to authorize the transfer of same to us or any replacement franchisee. You will cancel any telephone numbers and listings as we may request. You irrevocably appoint each of our officers as your attorney to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing.
 - (iv) You will promptly execute such documents or take such actions as may be necessary to abandon your use of any fictitious business name containing any of the Marks adopted by you and to remove or transfer (in respect of the next publication), at our request, your listing as a franchisee from the yellow pages, all other telephone directories and all other trade or business directories.
 - (v) Within seven (7) days after the effective date of expiration or termination, you will return to us at your own cost, all copies of the Manuals and all other confidential material provided to you by us, and all other materials you are required to be returned in accordance with this Agreement or the Manuals.
 - (vi) Within seven (7) days after the effective date of expiration or termination, you will transfer to us at your own costs, subject to any applicable state or federal laws, and in a manner we designate, all client lists, including telephone numbers and email addresses of previous, current and prospective Clients (the "Client Lists") and all records regarding previous, current and prospective Clients (the "Client Records"). You acknowledge and agree that we are the sole owner of the Client Lists and Client Records and you may not distribute the Client Lists and Client Records, in any form or manner, to any third party without our prior written consent.
 - (vii) Upon the effective date of expiration or termination, you will assign all Client contracts to us or our designee and will support and assist us or our designee with the Client transition.
- (d) Additional Remedies. In addition to any other remedies we have, at law or under this Agreement, in the event of a Default by you under this Agreement, we may seek the following additional remedies without waiving any claim for controlling shareholder, member or partner Default:

- (i) You will pay as liquidated damages such amounts as set forth in the Manuals from time to time should we discover that you have breached any Standard (“Standard” means the standards and obligations set out in this Agreement and the Manuals), which liquidated damages you acknowledge are a reasonable pre-estimation of the internal and, or alternatively, external cost to us related to such breaches. Such liquidated damages will range from \$25 to \$500 for each violation and may be assessed each week you are found to be in violation. Any liquidated damages assessed will be immediately due and payable by you within ten (10) days of our providing notice to you of a violation. Your obligation to pay liquidated damages is not our exclusive remedy. We may pursue all other remedies available to us, including without limitation, the right to enjoin continuing violations or terminate this Agreement.
- (ii) Obtain an injunction or appointment of a receiver which term includes a receiver and manager of the Franchised Business to terminate or prevent the continuation of any existing Default, or to prevent the occurrence of any threatened Default by you under this Agreement. You agree that any breach of this Agreement would result in irreparable damage to us that cannot be adequately compensated by monetary award. As such, you agree that we may obtain such injunctive relief without the requirement to prove irreparable harm.
- (iii) Cure any Default by you under this Agreement for the account of and on your behalf, and you irrevocably appoint us as your attorney to do so, and the expenses incurred by us will be due and payable forthwith by you upon demand and will be deemed to be an amount owing to us under this Agreement.
- (iv) Enter upon any commercial premises upon which the Franchised Business is conducted during regular business hours, without being liable to you in any way for such entry, for the purposes of securing the return of any of our property, performing or compelling performance of your obligations to us and protecting our rights upon expiration or termination of this Agreement.
- (v) Permanently or upon such conditions as we may determine to:
 - (1) reduce the Territory;
 - (2) remove the exclusivity provided in the Territory (allowing us to grant or operate other Franchised Businesses in the Territory);
 - (3) withhold, postpone, or forgo any services, payments, orders, access to any electronic systems or other materials, or any other obligations imposed on us by this Agreement; or
 - (4) any combination of (1), (2) and (3).

- (e) Survival of Covenants. Notwithstanding the expiration or termination of this Agreement for any reason whatsoever, all covenants and agreements to be performed or observed by you or any Principal under this Agreement or which by their nature survive the expiration or termination of this Agreement, including without limitation, those set out in Sections 8, 13(b), 16(c), 16(d), 16(f) and 17, will survive any such expiration or termination.
- (f) Failure to Act Not to Affect Rights. Our failure to exercise any rights or remedies available to us under this Agreement will not be deemed to be a waiver of or otherwise affect, impair or prevent us from exercising any such rights or remedies to which it may be entitled. Our acceptance of any amount payable by you or for your account under this Agreement will not be deemed to be a waiver by us of any rights and remedies to which it may otherwise be entitled. No waiver will be effective unless it is in writing.
- (g) Liquidated Damages. Upon termination of this Agreement due to your default, or if you wrongfully terminate this Agreement before its scheduled expiration date (which also will be considered a default by you under this Agreement), you will pay us as fair and reasonable liquidated damages (but not as a penalty) an amount equal to (i) the continuing payments contemplated by Section 3(b) of this Agreement, for the lesser of the remaining unexpired term of this Agreement or 36 months, plus (ii) the average monthly gross margin that we and our Affiliates made on skincare equipment, device, and product sales to you in the last 6 months of your operations multiplied by the lesser of the number of months in the remaining unexpired term of this Agreement (where for any partial month the amount will be reduced pro rata to reflect the number of actual days in such partial month) or 36 months. You agree that it would be difficult to calculate with certainty the actual amount of damages that we will incur and that this amount is the best estimate of our lost revenues. If a court determines that the liquidated damages payment is unenforceable, then we may pursue all other available remedies, including recovery of consequential damages. Payment of liquidated damages will not in any way limit any other remedy we may have at law or in equity resulting from your failure to perform your obligations.

17. REPRESENTATIONS AND WARRANTIES

- (a) You represent, warrant and covenant to and with us as follows, and acknowledge that we are relying on such representations, warranties and covenants in entering into this Agreement, that:
 - (i) you have all necessary power, capacity and authority to obtain the license granted by us under this Agreement and to carry on the Franchised Business as contemplated under this Agreement;
 - (ii) your execution of this Agreement and the other agreements referred in this Agreement have been duly authorized and this Agreement and those other agreements constitute your valid and binding obligations and do not and will not violate or constitute a breach of or default under any other

agreement to which you are a party or under which you are otherwise in any way obliged or enjoy benefits of any kind;

- (iii) where you are not a natural person, you are duly formed, licensed and qualified to carry on the Franchised Business in the jurisdiction(s) in which the Franchised Business will be carried on under this Agreement;
- (iv) each of your employees and consultants has and has maintained in good standing all licenses and accreditations required by them to perform and carry out their employment and consulting obligations under the laws of the jurisdiction(s) in which the Franchised Business will be carried on under this Agreement;
- (v) you have secured all rights and done all things necessary to perform your obligations under this Agreement and to carry on the Franchised Business, including obtaining appropriate business licenses and any other permits and regulatory approvals required by you and your officers, directors, employees and agents to carry on the Franchised Business, or are diligently pursuing licensure as required to engage in the Franchised Business;
- (vi) you are not obtaining the franchise granted by us under this Agreement for speculative purposes and have no present intention to sell or transfer such franchise;
- (vii) the names of all of your Principals are completely and accurately set out in Schedule B; and
- (viii) neither you nor your Principals have, as of the date of this Agreement, entered into any agreement or arrangement inconsistent with or that would amount to a breach of or Default under this Agreement.

18. ACKNOWLEDGMENTS

- (a) The Franchisee acknowledges:
 - (i) that the terms and provisions of this Agreement are reasonable and necessary for us to maintain our high standards of quality and service and to preserve the goodwill of the Marks and the System;
 - (ii) the importance of operating the Franchised Business in strict conformity with our standards and guidelines; and
 - (iii) that you are obtaining the right to use the System and the Marks as a licensee only, that nothing in this Agreement grants to you any proprietary interest in or to the System or the Marks and that we retain all right, title and interest in and to the System and the Marks, including the right to modify the System and the Marks as we, in our sole discretion, consider appropriate.

19. GENERAL PROVISIONS

- (a) Indemnification of the Franchisor. You will, during and after the term of this Agreement, indemnify and save us, our Affiliates and ours and their shareholders, directors, officers, employees, agents and representatives harmless from any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever to which they may become liable for, or suffer by reason of any breach, violation or non-performance on the part of you or any of your Principals, directors, managers, officers, agents, sub-licensees, contractors or employees of any representation, warranty, term or condition of this Agreement and from all claims, damages, suits, costs or rights of any individuals or entities arising from the operation of the Franchised Business.
- (b) Legal Fees. If you are a party to any dispute commenced by or against you (other than a dispute commenced by you against us in connection with a breach of our obligations under this Agreement), you will indemnify and save us harmless against any losses, damages or claims arising from the claim and will pay all costs and expenses including reasonable legal fees, accountants and expert witness fees, costs of investigation and travel and living expenses incurred or paid by us in connection with such dispute. Further, if it is established that you have breached any of the terms and conditions of this Agreement, you will pay all costs and expenses including legal fees that may be incurred or paid by us in enforcing our rights and remedies under this Agreement.
- (c) Legal Relationship. The intended relationship of the parties under this Agreement is that of franchisor and franchisee and each is an independent contractor, and no party will be considered to be the agent, representative, employer or employee, of the other party for any purpose whatsoever and no party will have any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of the other party. Nothing in this Agreement will be construed to create a relationship of partners, joint venturers, fiduciaries or any other similar relationship among the parties. The parties also acknowledge and agree that you have the sole right to hire, terminate, discipline, train and determine working schedules for your staff and that you will set wage rates for your staff without input or guidance from us.
- (d) Joint and Severable. If two or more individuals, corporations, limited liability companies, partnerships, or other entities (or any combination of two or more of them) have signed or are subject to the terms and conditions of this Agreement as the franchisee, the liability of each of them under this Agreement will be joint and several.
- (e) Severability. If for any reason whatsoever, any term or condition of this Agreement or the application such term or condition to any party or circumstance is, to any extent, held to be invalid or unenforceable, all other terms and conditions of this Agreement or the application of such terms and conditions to parties or circumstances, other than those as to which it is held invalid or unenforceable, will

not be affected and each term and condition of this Agreement will be separately valid and enforceable to the fullest extent permitted by law.

- (f) Notices. All notices, consents, approvals, statements, authorizations, documents, or other communications (collectively, “**Notices**”) required or permitted to be given under this Agreement will be in writing, and will be delivered either by a reputable overnight delivery service that provides for package tracking and confirmation of deliveries made (i.e. Federal Express, United Parcel Service) or mailed by certified mail, return receipt requested, postage prepaid, to the said parties at their respective addresses set out above or at any such other address or addresses as may be given by any of them to the other in writing or delivered personally. Such Notices, if sent by overnight delivery service, will be deemed delivered the following business day after sending, if mailed, will be deemed to have been given on the second business day (except Saturdays, Sundays and national holidays) following such mailing, or, if delivered personally, will be deemed to have been given on the day of delivery, if a business day, or if not a business day, on the business day next following the day of delivery; provided that if such notice was mailed and if regular mail service was interrupted by strike or other irregularity before the deemed receipt of such Notices as aforesaid, then such Notices will not be effective unless delivered.
- (g) Headings. The headings in this Agreement or any schedule to this Agreement are inserted for convenience of reference only and will not in any way affect the construction or interpretation of this Agreement.
- (h) Applicable Laws. This Agreement will be construed in accordance with and governed by the laws of the State of Delaware without regard to principles of conflicts of law, except that no Delaware statute or regulation will apply or will give rise to any right or claim unless the Franchised Business is in the State of Delaware and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision.
- (i) Time of the Essence. Time will be of the essence of this Agreement and of each and every part of it.
- (j) Waiver of Obligations. We may by written instrument unilaterally waive any obligation of or restriction upon you under this Agreement. No acceptance by us of any payment by you and no failure, refusal or neglect by us to exercise any right under this Agreement or to insist upon full compliance by you with your obligations under this Agreement, including without limitation, any mandatory specification or standard operating procedure will constitute a waiver of any provision of this Agreement.
- (k) Interpretation. The use of the neuter or male or female pronoun to refer to us, you or any Principal may be an individual (male or female), a partnership, a limited liability company, a corporation or another entity or a group of two or more individuals, partnerships, limited liability companies, corporations or other entities. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense, where there is more than one franchisee

or Principal and to either individuals (male or female) partnerships, limited liability companies, corporations or other entities, will in all instances be assumed in each case. The word “or” is not limiting.

- (l) Lawful Attorney. Notwithstanding anything contained in this Agreement, if you do not execute and deliver to us any documents or other instruments which you are required to execute and deliver under this Agreement within the time period or periods specified in this Agreement, you do irrevocably appoint us as your lawful attorney with full power and authority to execute and deliver in your name any such document or instruments and to do all things as may be required to comply with the provisions pursuant to which the power of attorney is being utilised, and you will ratify and confirm all our acts utilising the power of attorney as being those of your lawful attorney and you will indemnify and save us harmless from all claims, losses or damages in so doing. You declare that the powers of attorney granted under this Agreement may be exercised during any subsequent legal incapacity on your part.
- (m) Further Assurances. Each of the parties will execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part of it.
- (n) Binding Agreement. Subject to the restrictions on assignment in this Agreement, this Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, successors and assigns.
- (o) When Agreement Binding on the Franchisee. This Agreement is not effective until signed by one of our corporate officers. No field representative, employee, contractor or salesperson is authorized to execute this Agreement on our behalf. You are advised not to incur any expense or obligation with respect to the proposed franchise business until you have received a fully executed copy of this Agreement from us.
- (p) Rights of the Franchisor are Cumulative. Our rights under this Agreement are cumulative and no exercise or enforcement by us of any right or remedy under this Agreement will preclude the exercise or enforcement by us of any other right or remedy under this Agreement or which we are otherwise entitled by law to enforce.
- (q) Force Majeure. In the event that any party is delayed or hindered in the performance of any act required under this Agreement by reason of strike, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, pandemic, riots, insurrection, war or other reasons of a like nature not the fault of such party, then performance of such act will be excused for the period of the delay and the period for performance of any such act will be extended for a period equivalent to the period of such delay, up to a maximum of three (3) months. The provisions of this Section will not operate to excuse you from the prompt payment of any fee or other payment due to us under

this Agreement.

- (r) The Franchisee May Not Withhold Payments Due. You may not, on grounds of the alleged non-performance by us of our obligations under this Agreement, withhold payment of any amounts due to us or our Affiliates, whether on account of goods purchased by you or otherwise.
- (s) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject of this Agreement. No prior representations, promises, agreements, commitments or assurances, whether oral or in writing, will survive or have any effect after the execution of this Agreement and all are merged into this Agreement. Nothing in this, or in any related agreement, however, is intended to disclaim the representations that we made in the franchise disclosure document that we furnished to you. This Agreement may not be modified except by a further written agreement signed by the parties.
- (t) Resolution of Disputes.
 - (i) Statement of Dispute. Prior to initiating arbitration or mediation to resolve any dispute between the parties, each party will notify the other party or parties in writing of any dispute, claim or controversy arising out of or relating to this Agreement, the parties' relationship, or the Franchised Business, that the notifying party wishes to resolve. Such notice will include a statement of the dispute, describing to the fullest extent possible the notifying party's version of the facts surrounding the dispute or claim together with an explanation of its position and all elements of any claim (the "Statement of Dispute"). The parties will then use their best efforts to communicate with each other to try to resolve the dispute and if requested by us you will come to California to negotiate with us face to face at a neutral location.

Mandatory Mediation. If the parties are unable to resolve their dispute within thirty (30) days after delivery of the Statement of Dispute, prior to initiating any arbitration or legal action to resolve the dispute, the parties will participate in non-binding mediation before a mutually agreeable mediator. Such mediation will be held in New York, New York within a reasonable time after expiration of the thirty (30) day period following delivery of a Statement of Dispute. At least one principal of each party, with authority to settle the dispute, will attend the mediation meeting. We and you will share equally the cost of the mediator.
 - (ii) Court Action for Equitable or Injunctive Relief. Notwithstanding anything in this agreement to the contrary, any party may seek interlocutory injunctive relief in court to prevent it from incurring irreparable harm or injury pending the outcome of mediation and arbitration.
 - (iii) Mandatory Arbitration. All disputes, claims or controversies arising out of or relating to this Agreement, the parties' relationship, or the Franchised Business that are not resolved following the required negotiation and

mediation in Sections 19(t)(i)-(ii), will be determined by binding arbitration in New York, New York. All issues of arbitrability, including the scope, validity, and enforceability of the arbitration clause, are delegated to the arbitrator and the arbitrator will have full and complete authority to decide any such issues. The Federal Arbitration Act, not state law, governs the arbitration proceedings, as well as the scope, validity, and enforceability of the arbitration clause. Except as provided by this Agreement, the arbitration will be conducted and administered by JAMS under its Comprehensive Arbitration Rules and Procedures. If JAMS is no longer in business at the time an arbitration demand is made, the parties agree to conduct their arbitration under the Commercial Rules of the American Arbitration Association. The parties will keep confidential all matters relating to or arising out of the arbitration and the arbitration award, except as necessary to comply with applicable law. The franchisor and the Franchisee both consent to the jurisdiction of the arbitrator to resolve all disputes arising out of or related to this Agreement. The parties agree that the arbitrator's award is conclusive, final, and binding, and that there will be no appeals of any awards even if allowed by the Comprehensive Arbitration Rules and Procedures.

- (iv) Venue for Litigation. The parties agree that any litigation initiated to seek relief as provided under Section 19(t)(iii) may be brought in any court of competent jurisdiction, and any action commenced following a determination by the arbitrator that the requirement to arbitrate is unenforceable, will be brought in a court of competent jurisdiction situated in Wilmington, Delaware. All other matters must be arbitrated under Section 19(t)(iv).
- (v) Parties. The arbitration provisions of this Agreement apply to claims by and against you and us and your and our respective Affiliates, and your, our and their respective guarantors, owners, managers, directors, officers, employees, agents, and representatives.
- (vi) Survival. The arbitration provisions will survive the termination, expiration, or Transfer of this Agreement.
- (u) Collective Action Waiver. You will arbitrate or litigate each dispute with us or our Affiliates on an individual basis. You will not consolidate your dispute in any arbitration or litigation with a claim by any other franchisee, or other individual, or entity. You knowingly and voluntarily agree to waive your right to participate in any class action or mass action proceedings.
- (v) Fair Dealing. The parties will act reasonably and in good faith in all matters concerning the performance and enforcement of this Agreement.
- (w) Electronic Signature; Counterparts. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement, or any other agreement or document signed in connection with this Agreement or the franchise relationship created by this Agreement, are intended to authenticate

this writing and to have the same force and effect as manual signatures. Electronic signature means any symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. This Agreement may be signed in counterparts and delivered via facsimile or other electronic means.

- (x) Limitation of Liability. We will not be liable for penalties or damages for special, indirect, consequential, incidental, punitive or exemplary damages of any type or kinds (including, without limitation, lost profits) regardless of whether any such losses or damages are characterized as arising from breach of contract, breach of warranty, tort, strict liability or otherwise, even if we are advised of the possibility of such losses or damages or if such losses or damages are foreseeable. Our liability under this Agreement, regardless of the form of action, will be limited to actual damages and the total liability to you for all damages will not exceed amounts paid by you to us for the initial franchise fee and for the continuing fee under Section 3(b).
- (y) Currency. All references to dollars in this Agreement refer to United States dollars.

(signature page to follow)

As evidence of their intent to be legally bound, each party has signed this Agreement on the date indicated below its authorized signatory's signature.

FRANCHISEE:

[FRANCHISEE'S NAME]

By: _____

Name: _____

Title: _____

Date: _____

PRINCIPALS:

(signature)

Name: _____
(print)

Date: _____

(signature)

Name: _____
(print)

Date: _____

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE A – TERRITORY

The Location is:

[Insert Address]

The Territory will consist of the following area:

[Insert Map]

The Premises Selection Area (if applicable) will consist of the following area:

[Insert Map]

SCHEDULE B – FRANCHISEE INFORMATION

1. The names of all of your owners and their equity interests held are as follows:

Name	Number and Type of Interests Held

2. The names and positions of all of your officers, managers and/or directors are as follows:

Name	Manager/ Director (Y/N)	Office Held

EXHIBIT A – PERSONAL GUARANTY

See Attached

PERSONAL GUARANTY

FOR VALUE RECEIVED, and in consideration of SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC., a Delaware corporation (the “**Company**”), granting a franchise agreement for the operation of a franchise located in [TERRITORY] to [FRANCHISEE NAME], a [STATE] [Pick one: Corporation or Limited Liability Company] (the “**Franchisee**”), the undersigned, [Individuals Name] and [Individual name] ([**jointly and severally,**] the “**Guarantor**”), agree as follows:

1. Guaranty of Obligations.

1.1. Guarantor unconditionally, absolutely and irrevocably guarantys the full and prompt payment and performance when due, of all obligations of Franchisee to Company and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or in the future, existing or due or to become due, including, without limitation, under or in connection with the Franchise Agreement by and between Company and Franchisee dated [date of franchise agreement] in relation to the [TERRITORY] location (the “**Franchise Agreement**”) and each of the documents, instruments and agreements executed and delivered in connection with the Franchise Agreement or this personal guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the “**Obligations**”), and all documents evidencing or securing any of the Obligations. This personal (this “**Personal Guaranty**”) is a guaranty of payment and performance when due and not of collection.

1.2. In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Company to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys’ fees and expenses) paid or incurred by Company in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Personal Guaranty.

2. Continuing Nature Of Guaranty And Obligations. This Personal Guaranty shall be continuing and shall not be discharged, impaired or affected by: (i) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (ii) the power or authority or lack thereof of Franchisee to incur the Obligations; (iii) the validity or invalidity of any of the Obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Guarantor or the ability of Company to enforce this Personal Guaranty, the Obligations or any provision of the Obligations; or (vi) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Personal Guaranty.

3. Permitted Actions of Company. Company may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (i) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (ii) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (iii) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (iv) release, waive or compromise any obligation of Guarantor under this Personal Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (v) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Company shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this Personal Guaranty; or

(vi) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific Waivers.

4.1. Without limiting the generality of any other provision of this Personal Guaranty, Guarantor expressly waives: (i) notice of the acceptance by Company of this Personal Guaranty; (ii) notice of the existence, creation, payment, nonpayment, performance or non-performance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guaranty of any of the foregoing; (v) any right to direct or affect the manner or timing of Company's enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Company permitted under this Agreement; and (vii) all other principles or provisions of law, if any, that conflict with the terms of this Personal Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2. Guarantor further waives all rights to revoke this Personal Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Personal Guaranty.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Company shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Personal Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Company shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Non-Competition, Trade Secrets, Interference with Employment Relations; etc. Sections 8(b) (Confidentiality), 13 (Non-Competition), and 19(t) (Resolution of Disputes) of the Franchise Agreement, are incorporated into this Personal Guaranty by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Personal Guaranty as a direct and primary obligation of Guarantor.

7. Assignment Of Company's Rights. Company may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Personal Guaranty. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Personal Guaranty to the same extent as if such assignee or transferee were Company.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Company of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Personal Guaranty be binding upon Company, except as expressly set forth in a writing signed by Company. No action of Company permitted under this Personal Guaranty shall in any way affect or impair the rights of Company or the obligations of Guarantor under this Personal Guaranty.

9. Financial Condition Of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Personal Guaranty based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Company to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Company has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Personal Guaranty" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Company that this Personal Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death Of Guarantor; Joint And Several.

11.1. This Personal Guaranty shall inure to the benefit of Company and its successors and assigns.

11.2. All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Personal Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Company of a Guarantor's death.

11.3. If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor.

11.4. In addition and notwithstanding anything to the contrary contained in this Personal Guaranty or in any other document, instrument or agreement between or among any of Company, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Personal Guaranty.

12. Governing Law. This Personal Guaranty has been delivered and shall be governed by and construed in accordance with the internal laws (as opposed to the conflicts of law provisions) of the State of Delaware. Wherever possible each provision of this Personal Guaranty shall be interpreted as to be effective and valid under applicable law, but if any provision of this Personal Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Personal Guaranty.

13. Resolution of Disputes. Any claim or controversy arising out of or relating to this Personal Guaranty or the relationship of the parties to this Personal Guaranty shall be governed by the dispute resolution provisions of the Franchise Agreement. The Guarantor consents to being joined as a party to any dispute resolution proceeding involving the Franchise Agreement or the Franchisee.

14. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN

SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS PERSONAL GUARANTY.

15. Entire Agreement. This Personal Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Company not contained in this Personal Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Personal Guaranty. This Personal Guaranty may only be modified by a writing executed by Guarantor and Company.

16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(signature page to follow)

IN WITNESS WHEREOF, the undersigned have executed this Personal Guaranty this
____ day of _____, 20__.

Guarantor:

[Print Name]

Guarantor:

[Print Name]

EXHIBIT B – COLLATERAL ASSIGNMENT OF LEASE

See Attached

EXHIBIT B - COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into as of _____, 20____, between _____ ("Franchisee") and Skin Experts By Brentwood Spa Franchise Inc., a Delaware company ("Franchisor").

Subject to the provisions of this Assignment, Franchisee, to secure its obligations to the Franchisor under the franchise agreement between Franchisor and Franchisee, dated _____, 20__ (the "Franchise Agreement"), assigns, transfers and sets over to Franchisor (and/or such person(s)/entity(ies) as Franchisor may from time-to-time designate) all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under that certain lease (the "Lease"), a copy of which is attached to this Assignment, dated _____, 20__, between Franchisee and _____ ("Landlord"), respecting that property commonly known as _____ (the "Premises"). The Franchisor will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless the Franchisor, in its sole and absolute discretion, takes possession of the Premises pursuant to the terms of this Assignment and expressly assumes in writing the rights and obligations of Franchisee under the Lease. The Franchisor is responsible only for those obligations accruing under the Lease after the date of such assumption.

Franchisee will indemnify and hold harmless Franchisor from and against all claims and demands of any type, kind or nature made by Landlord or any third party that arise out of or are in any manner connected with Franchisee's use and occupancy of the Premises.

Franchisee represents and warrants to Franchisor that Franchisee has full power and authority to assign the Lease and its interest in the Lease.

Franchisor will not take possession of the Premises until and unless Franchisee defaults (and/or until there is a termination, cancellation, rescission or expiration of Franchisee's rights) under the Lease, any sublease, the Franchise Agreement or another agreement between Franchisee and Franchisor (or its affiliates). In such event, Franchisor (or its designee) will have the right, and is empowered, but has no obligation, to take possession of the Premises, and expel Franchisee. In such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights passing to Franchisor or its designee, in each case without the Landlord's further consent. Franchisee will do all acts necessary or appropriate to accomplish such assignment on Franchisor's request. Franchisee will reimburse Franchisor for the costs and expenses incurred in connection with any such retaking, including, without limitation, the payment of any back rent and other payments due under the Lease (whether such payments are made by a separate agreement with the Landlord or otherwise), attorney's fees and expenses of litigation incurred in enforcing this

Assignment, costs incurred in re-letting the Premises and costs incurred for putting the Premises in good working order and repair.

Franchisee will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement, Franchisee will elect and exercise on a timely basis all options to extend the term, or renew or assume in bankruptcy, the Lease, unless Franchisor consents in writing to an alternative location under the terms of the Franchise Agreement. Upon failure of Franchisee to so elect to extend or renew or assume the Lease, Franchisee appoints Franchisor as its true and lawful attorney-in-fact to exercise such options in the name, place and stead of Franchisee for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Failure of Franchisor to exercise any remedy under this Assignment will not be construed or deemed to be a waiver of any of its rights under this Assignment. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor has under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained in this Assignment will bind Franchisee and its successors and assigns, and inure to the benefit of Franchisor and its successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions of the Franchise Agreement between Franchisor and Franchisee will apply. The arbitrator in any such proceeding will have the full power and authority to grant an appropriate award to give full effect to this Assignment, expelling Franchisee from the Premises and awarding possession to Franchisor, as well as granting such other relief as may be proper and fair at law and by equity. If there is more than one Franchisee, their obligations under this Assignment will be joint and several.

This Assignment, any memorandum hereof or any financing statement related hereto may be recorded by, and at the expense of, Franchisor. Franchisee appoints Franchisor as its attorney in fact to execute any and all documents and to take any and all such actions, as are necessary or appropriate to record such instrument referenced above.

Nothing contained in this Assignment will diminish any obligations or covenants of Franchisee owed under its Franchise Agreement with Franchisor, including, without limitation, any post-termination covenant not to compete. Terms not otherwise defined in this Exhibit have the same meanings as stated in the Franchise Agreement. Franchisee and Franchisor will be bound to this Collateral Assignment of Lease regardless of whether or not the attached Landlord Approval is provided by Landlord.

This Assignment will be governed by and construed in accordance with the internal laws of the State of Delaware, without reference to conflict of law principles.

FRANCHISOR:

Skin Experts By Brentwood Spa Franchise Inc.
a Delaware Company

By: _____
Printed Name

Title: _____

Sign here if "Franchisee" is a natural person

FRANCHISEE (Individual[s])

Signature

Printed Name

Signature

Printed Name

Sign here if "Franchisee" is a type of business entity

FRANCHISEE (Corp., LLC or Partnership)

Legal Name of Franchisee Entity

a _____
Jurisdiction of Formation

Corporation, LLC or Partnership

By: _____
Print Name

Signature

Title

LANDLORD APPROVAL:

The undersigned Landlord under the Lease hereby:

1. Agrees to notify Franchisor in writing of any proposed Lease amendment and of any default and any failure of Franchisee to cure any default under the Lease, as provided in the Lease Addendum of even date;
2. Agrees that Franchisor shall have the right, but not be obligated, to cure any default by Franchisee;
3. Consents to the foregoing Collateral Assignment of Lease and agrees that if Franchisor takes possession of the Premises and confirms to Landlord the assumption of the Lease by Franchisor as tenant, Landlord shall recognize Franchisor, or its Associate or designee, as tenant under the Lease;
4. Agrees that Franchisor may further assign the Lease or sublet the Premises to a designee and/or a person or entity who is a franchise owner reasonably acceptable to Landlord. Franchisor will have no further liability under the Lease upon such an assignment. This Approval of Landlord shall apply to any subsequent franchise owner acceptable to Landlord, as provided herein;
5. Agrees to provide a copy of this Collateral Assignment of Lease to any actual and/or prospective purchaser of the Premises.

LANDLORD

By: _____

Its: _____

Address:

Telephone No. _____

Email address: _____

Exhibit A-2

Conditional Assignment of Telephone and Directory Listings

**CONDITIONAL ASSIGNMENT OF TELEPHONE
AND DIRECTORY LISTINGS**

In consideration of Skin Experts By Brentwood Spa Franchise Inc. (the “**Franchisor**”) concurrently granting a SKIN EXPERTS by Brentwood Spa® franchise (the “**Franchised Business**”) in [Location] to [Franchisee] (the “**Franchisee**”), and other valuable consideration, Franchisee assigns to Franchisor all telephone numbers, directory listings, fax numbers, Internet Web site addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Franchisee in the operation of the Franchised Business. Upon the termination or expiration of the franchise agreement, Franchisor assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Franchisor. This Assignment is valid on the effective date and is irrevocable. Franchisor may fill in, add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

This Conditional Assignment may be signed in counterparts and delivered via facsimile or other electronic means.

Effective Date: **[To be signed and dated the same
day as the Franchise Agreement]**

FRANCHISEE:

[FRANCHISEE]

FRANCHISOR:

**SKIN EXPERTS BY BRENTWOOD SPA
FRANCHISE INC.**

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Exhibit A-3

State-Specific Addenda/Amendments

STATE SPECIFIC ADDENDA/AMENDMENTS

The following modifications are made to the SKIN EXPERTS by Brentwood Spa® Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

The following states have statutes that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. The following is applicable to you only if you are covered by the franchise law of the referenced state: ARKANSAS [Stat. Section 70-807]; CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev.Stat. Section 482E-1], ILLINOIS [815 ILCS 705/1-44], INDIANA [Stat. Section 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010)], MICHIGAN [Stat. Section 19.854 (27)], MINNESOTA [stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56.10-1], NORTH DAKOTA [N.D.C.C. Franchise Investment Law Section 51-19], RHODE ISLAND [Code 19-28.1-14], SOUTH DAKOTA [Codified Laws Section 37-5B], VIRGINIA [code §§ 13.1-557 through 13.1-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03].

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

We reserve the right to challenge the application or enforceability of the Franchise Laws listed in this state specific Addenda/Amendments, the corresponding regulations, or any other laws not specified in the Franchise Agreement.

The following is applicable to you only if you are covered by the franchise law of the referenced state:

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner of Corporations.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF ANY BINDING AGREEMENT OR THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.

Franchisees in California must obtain all required licenses.

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

Section 31125 of the Franchise Investment Law requires us to give you a disclosure document, in a form containing the information that the Commissioner of Corporations may by rule or order require, before we ask you to consider a material modification of your existing Franchise Agreement.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

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

The Franchise Agreement provides that you must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires application of the laws of the State of Delaware. This provision may not be enforceable under California law.

The URL of our website is www.skinexperts.com. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

CALIFORNIA

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue of a forum outside the State of California.

The maximum statutory interest rate in California is 10%.

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 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.

CALIFORNIA

HAWAII

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 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.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

HAWAII

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT and FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement.

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

Franchisees' rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney general due to Franchisor's financial condition.

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.

SEE THE LAST PAGE OF THIS EXHIBIT A FOR YOUR REQUIRED SIGNATURE.

ILLINOIS

KANSAS

Section 19(a) of the Franchise Agreement states that you will indemnify and hold us harmless against any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature arising out of a breach of the Franchised Agreement or the operation of the Franchised Business. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this indemnity, and that you consider it reasonable.

Section 12(b)(ii) of the Franchise Agreement requires that you name each of us, certain of our affiliates and the directors, officers and employees of each entity and/or such other parties as we may prescribe, as an additional named insured on certain insurance policies. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this insurance clause, and that you consider it reasonable.

KANSAS

MARYLAND

Any provision of the Disclosure Document or in the Franchising Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Any representation requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly to the extent required by law.

Any provision of the Disclosure Document or in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. Items 5 and 7 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that initial franchise fees will be paid by you when we have satisfied our initial obligations to you under the Franchise Agreement and you are ready to begin operating the Franchised Business.

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.

All representations made in the Final Disclosure Questionnaire (Exhibit A) requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MARYLAND

MICHIGAN

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

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

MICHIGAN

Michigan (cont'd.)

(g) A provision which permits a us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

1. The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
2. The fact that the proposed transferee is a competitor of us.
3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
4. The failure of you or the proposed transferee to pay any sums owing us or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

MICHIGAN

MINNESOTA

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. §80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Minnesota Franchise Act.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, we will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name, as required under Minn. Stat. §80C.12 Subd. 1(G). Minnesota considers it unfair to not protect the franchisee's right to use the trademarks.

The following language is added to Section 3(d) of the Franchise Agreement:

"The service charge for Insufficient Funds Fee checks is reduced to \$30 in accordance with Minnesota Statute 604.113."

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

Items 5 and 7 of the Franchise Disclosure Agreement are amended to provide that the payment of the Initial Franchise Fee is deferred until the Franchised Business opens.

Section 3(a) of the Franchise Agreement is amended to add the following:

"The payment of the Initial Franchise Fee is deferred until the Franchised Business opens."

MINNESOTA

NEW YORK

This addendum amends and revises the SKIN EXPERTS by Brentwood Spa® Franchise Disclosure Document as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

NEW YORK

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgments – No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts – Any sale made must be in compliance with §683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. §680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NEW YORK

NORTH DAKOTA

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to the statute, have been determined to be unfair, unjust, or inequitable in North Dakota. Sections of the Disclosure Document and Franchise Agreement containing covenants restricting competition to which you must agree may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to arbitrate or mediate disputes may require you to consent to a waiver of trial by jury. A waiver of trial by jury may not be enforceable under North Dakota law and any such provisions are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to consent to the jurisdiction of courts outside of North Dakota or providing for resolution of disputes to be outside North Dakota may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to consent to a limitation of claims may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under North Dakota law, and are revised to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

The Franchise Agreement contains a liquidated damages clause. It may be unenforceable under North Dakota law.

NORTH DAKOTA

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

RHODE ISLAND

SOUTH DAKOTA

Based upon the franchisor's financial condition, the South Dakota Securities Regulation Office has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. Item 5 and 7 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that initial franchise fees will be paid by you when we have satisfied our initial obligations to you under the Franchise Agreement and you are ready to begin operating the Franchised Business.

SOUTH DAKOTA

VIRGINIA

The following statements are added to Item 17.h. of the Disclosure Document:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for us to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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.

The following RISK FACTOR is added:

“Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$582,100 to \$978,100 for a new location and \$380,600 to \$621,600 for the conversion of an existing location. This amount exceeds the franchisor’s stockholders’ equity as of February 5, 2024 which is \$75,000.

VIRGINIA

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT, THE TERMINATION AGREEMENT AND RELEASE OF CLAIMS, ADDENDUM (TO FRANCHISE AGREEMENT UPON ASSIGNMENT) AND THE ADDENDUM (TO FRANCHISE AGREEMENT UPON RENEWAL)

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

WASHINGTON

Due to Franchisor's financial condition, payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business.

Provisions in Item 8 of this Disclosure Document regarding ongoing purchases under the Franchise Agreement do not waive franchisee protections under RCW 19.100.180(2)(d).

The following language is added to Item 17, row 1 and Section 8 of the Franchise Agreement:

"Consent to transfer shall not be unreasonably withheld."

The following is replacing the summary in Item 17, row r:

"You are prohibited from competing with the Franchised Business for 2 years after the termination or expiration of the Franchise Agreement within a 30 mile radius of your Territory or the territory of any other franchisee."

Section 6.(c) and 18 of the Franchise Agreement do not apply to Washington franchises.

Section 14(a)(iii)(3) of the Franchise Agreement does not apply to Washington franchises.

The acknowledgement of the liquidated damages calculation in Section 16(d)(i) of the Franchise Agreement does not apply to Washington franchises.

Section 16(g) of the Franchise Agreement is revised to delete the following from the calculation of liquidated damages:

"plus, (ii) the average monthly gross margin that we and our Affiliates made on product, equipment and device sales to you in the last six months of your operations multiplied by the lesser of the remaining month in the term or 36 months."

The following language is added to Section 19(a) of the Franchise Agreement:

"Franchisee shall not indemnify the Franchisor, Affiliates and either Franchisor's or Affiliates' shareholders, directors, officers, employees, agents and representatives from their actions of negligence, strict liability, willful, misconduct, or fraud."

The following language is added to Section 19(b) of the Franchise Agreement:

"Franchisee shall not indemnify the Franchisor for legal fees, accountants and expert witness fees, costs of investigation and travel, and living expenses incurred or paid by Franchisor unless the Franchisor is the predominantly prevailing party in the dispute."

The following language is added to Section 19(x) of the Franchise Agreement:

"The franchisee's waiver of penalties or damages for special, indirect, consequential, incidental, punitive or exemplary damages does not apply to Washington Franchises."

The following language is deleted from Section 15 of the Personal Guaranty (in the form attached to the Franchise Agreement as Exhibit A):

WASHINGTON

“Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Company not contained in this Continuing Guarantee and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guarantee.”

The following language is deleted from the Acknowledgment and Agreement page of the Washington Addendum:

“but only to the extent and for so long as they embody valid, enforceable, and obligatory state law then in effect”

The following language is added to Section 6.d. of Exhibit A-7, Termination Agreement and Release of Claims:

“Nothing contained herein restricts or prohibits the ability of a Franchisee to communicate with a government agency.”

The following language is deleted from Section 7.j. of Exhibit A-7, Termination Agreement and Release of Claims:

“prepared jointly by the parties and not by either party to the exclusion of the other party.”

WASHINGTON

WISCONSIN

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, The Wisconsin Fair Dealership Law, SEC 32.06(3), Wis. Adm. Code.

WISCONSIN

ACKNOWLEDGMENT AND AGREEMENT:

You acknowledge that you have received and reviewed the foregoing State Law Addenda/Amendments. All parties agree that, to the extent applicable and required under state law, the foregoing provisions are added to supersede or modify the existing provisions of the Franchise Agreement, but only to the extent and for so long as they embody valid, enforceable, and obligatory state law then in effect.

This Acknowledgment and Agreement may be signed in counterparts and delivered via facsimile or other electronic means.

ACKNOWLEDGED AND AGREED as of _____, 20__.

FRANCHISEE:

[FRANCHISEE NAME]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

(MUST BE SIGNED BY ALL OWNERS OF THE FRANCHISEE ENTITY)

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

By: _____

Title: _____

Date: _____

Exhibit A-4

Final Disclosure Questionnaire



FINAL DISCLOSURE QUESTIONNAIRE

As you know, Skin Experts By Brentwood Spa Franchise Inc. (the “**Franchisor**”) and you are preparing to enter into a SKIN EXPERTS by Brentwood Spa® franchise agreement (the “**Franchise Agreement**”) for the operation of a franchise (the “**Franchised Business**”). Please review each of the following questions carefully and provide honest and complete responses to each question.

[California and Maryland franchisees should not complete this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.]

[Washington franchisees - DO NOT COMPLETE THIS QUESTIONNAIRE. If any Washington franchisee completes this Questionnaire, it is against Washington public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.]

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Tick one: Yes ☐ No ☐

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Tick one: Yes ☐ No ☐

If no, what parts of the Franchise Agreement do you not understand? (attach additional pages, if necessary)

3. Have you received the Franchise Agreement you are to execute with all the blanks completed?

Tick one: Yes ☐ No ☐

If so, on what date did you receive the completed Franchise Agreement?

-
4. Have you received and personally reviewed the franchise disclosure document (“FDD”) which was provided to you?

Tick one: Yes ☐ No ☐

On what date did you receive the FDD?

5. **Have you been advised that the investigation and compliance with regulatory requirements in the operation of your franchised business are your sole responsibility?**

Tick one: Yes ☐ No ☐

6. Did you sign a receipt for the disclosure document indicating the date you received it?

Tick one: Yes ☐ No ☐

7. Do you understand all of the information contained in the FDD?

Tick one: Yes ☐ No ☐

If no, which parts of the FDD do you not understand? (attach additional pages, if necessary)

8. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Tick one: Yes ☐ No ☐

If no, did you have the opportunity to do so?

QUESTIONS 9 THROUGH 16 DO NOT RELATE TO INFORMATION YOU MAY HAVE BEEN GIVEN DIRECTLY BY ANY EXISTING FRANCHISEES OF THE FRANCHISOR

9. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise concerning **the actual revenues, profits or operating costs** of a Franchised Business?

Tick one: Yes _____ No _____

10. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise concerning **the amount of money you may earn** in operating the Franchised Business?

Tick one: Yes _____ No _____

11. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise regarding **the costs you may incur in operating** the Franchised Business?

Tick one: Yes _____ No _____

12. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise regarding **the costs you may incur in starting** the Franchised Business that is contrary to, or different from, the information contained in the FDD?

Tick one: Yes _____ No _____

13. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise concerning **the likelihood of success that you should or might expect to achieve from operating** the Franchised Business?

Tick one: Yes _____ No _____

14. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement, promise or agreement concerning **the advertising, marketing, training, support services or assistance that the Franchisor will furnish** to you that is contrary to, or different from, the information contained in the FDD?

Tick one: Yes _____ No _____

15. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement, promise or agreement relating to any right you may have to acquire territory in addition to what will be initially granted to you under the Franchise Agreement?

Tick one: Yes _____ No _____

16. Has any employee, broker or other person speaking on behalf of the Franchisor made any other written or oral statement, promise or agreement relating to the Franchised Business that is contrary to, or different from, the information contained in the FDD?

Tick one: Yes _____ No _____

17. If you have answered "Yes" to any of question nine (9) through sixteen (16), please provide a full explanation of your answer in the following lines (attach additional pages, if necessary). If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

This Questionnaire does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL
RELY ON THEM.**

**BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE
RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

SIGNATURE

NAME (PRINT)

POSITION

NAME OF CORPORATION

DATE

Exhibit A-5
General Release

FORM OF RELEASE

[This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100]

This GENERAL RELEASE ("Release") is made this [Day] day of [Month], [Year], by [Franchisee Name] ("Releasor"), as franchisee under and signatory to that certain Franchise Agreement dated [Date of Franchise Agreement] for the location of [Location] (the "Franchise Agreement") entered into by and between Skin Experts By Brentwood Spa Franchise Inc. ("Franchisor") and Releasor. This Release is being executed pursuant to the requirements of the Franchise Agreement as a condition of the rights granted by Franchisor to Releasor therein, and for other good and valuable consideration, the receipt of which is acknowledged by the parties. Releasor is **[transferring its franchised business to a successor-in-interest] OR [voluntarily ending its affiliation as a franchisee] OR [executing a successor agreement to continue the Franchised Business]**.

1. General Release. Releasor and the owners, affiliates, officers, agents, directors, shareholders, members, managers, trustees, partners, employees, attorneys, spouses, heirs and assigns of Releasor (collectively the "Releasing Parties"), hereby release, quit claim, and forever discharge Franchisor, its affiliates, and their respective owners, affiliates, officers, agents, directors, shareholders, members, managers, trustees, partners, employees, attorneys, insurers, spouses, heirs and assigns (collectively the "Released Parties") of and from any and all manner of action and actions, cause and causes of action, claims, suits, damages, controversies, judgments, costs, fees, executions, and demands of any kind and nature whatsoever, at law or in equity, that the Releasing Parties had or now have, whether known or unknown, or contingent or fixed, for or by reason of, arising out of, or related to any matter, cause or thing whatsoever up until and including the date hereof (the "Claims").

2. Representations and Warranties. Releasor represents and warrants to Company that, in entering into this Release, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

3. Waiver of Statutory Preservation Provisions. Releasor and the Releasing Parties hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which Releasor and the Releasing Parties would be entitled, now or at any time hereafter under any statute, regulation, or common law principal of any jurisdiction, including Section 1542 of the Civil Code of the State of California, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasing Parties reside.

4. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to any Released Party, Releasor shall defend, indemnify and hold harmless each Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or the Releasing Parties of any Claim or other matter purported to be released pursuant to this Release, (ii) the assertion by any third party of any Claim against any Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release; and (iii) any breach of representations, warranties or covenants by Releasor.

5. Miscellaneous.

(a) This Release cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

(b) This Release, together with the agreements referenced in this Release, constitute the entire understanding between and among the parties with respect to the subject matter of this Release. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release.

(c) This Release may be executed in counterparts and may be delivered by facsimile or other electronic means.

(d) This Release shall be binding upon and inure to the benefit of the parties to this Release and their respective successors and permitted assigns.

(e) All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release may require. Neither this Release nor any uncertainty or ambiguity in this Release shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release 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 shall be given the meaning that renders it enforceable.

(f) Any provision of this Release which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(g) Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

(h) This Release shall be governed by and construed in accordance with the internal laws of the State of Delaware, without reference to conflict of law principles.

(signature page to follow)

IN WITNESS WHEREOF, the parties have caused this General Release to be duly executed.

[This Form of Release is not to be signed at the time the Franchise Agreement is executed.]

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

By: _____

Name: _____

Its: _____

Date of Execution: _____

RELEASOR:

[Company Name]

- ☐ a _____ general partnership;
- ☐ a _____ limited partnership;
- ☐ a _____ limited liability company;
- ☐ a _____ corporation

By: _____

Name: _____

Its: _____

Date of Execution: _____

Exhibit A-6

Non-Disclosure and Non-Competition Agreement

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (this "Agreement") is made as of the ____ day of _____, 20 __, by and between Skin Experts by Brentwood Spa Franchise Inc. ("Franchisor"), with its principal place of business at 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109 and _____ ("Recipient"), in his/her capacity as _____ of Franchisee (as defined below).

WHEREAS, Franchisor owns certain Confidential Information (as defined below) that Franchisor is interested in allowing Recipient to receive and/or observe; and

WHEREAS, Recipient is interested in receiving and/or observing the Confidential Information that Franchisor discloses hereunder, all upon the terms and conditions, and solely for the purpose, set forth herein.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereunder and other good and valuable consideration, the Parties hereby agree as follows:

1. For the purposes of this Agreement, "**Confidential Information**" means information or data relating to Franchisor, including without limitation information relating to equipment, devices, products and systems used in the marketing and provision of skincare services and the sale of skincare equipment, devices and products, know-how, trade secrets, designs, purchasing, accounting, marketing, merchandising, selling, ideas, methods, processes, customer, business or financial data, plans, ideas or other information which is not generally and publicly known, and regardless of whether it is remembered or embodied in a tangible or electronic medium, but does not include information that:

- (a) Is in the public domain at the time of the disclosure to Recipient;
- (b) Becomes part of the public domain subsequent to the disclosure to Recipient through no fault of Recipient;
- (c) Recipient establishes through written records that the Confidential Information was in his or her possession prior to the disclosure from Franchisor or a franchisee thereof and was not acquired directly or indirectly from Franchisor or its franchisee; and
- (d) Recipient is required by law to disclose; provided that Recipient provides Franchisor sufficient advance notice of Recipient's duty to disclose so Franchisor can take appropriate legal action to maintain the confidentiality of the Confidential Information.

2. Recipient acknowledges that much of the Confidential Information is the property of Franchisor and licensed to _____ ("Franchisee"), a franchisee under the terms of a franchise agreement ("Franchised Business").

3. Except as may be required to properly carry out Recipient's services and duties for the benefit of Franchisee, Recipient will not, at any time, whether during Recipient's tenure with Franchisee or at any time thereafter, directly, indirectly or otherwise, use, communicate, disclose, disseminate, lecture upon or publish concerning Confidential Information of Franchisor without first obtaining the written consent of Franchisor.

4. Without limiting the obligations in Section 3, Recipient will not use, permit access to, possess any of the Confidential Information to the detriment or prejudice of Franchisor or the direct or indirect benefit of Recipient and will use best efforts to keep confidential and protect the Confidential Information and the interests of Franchisor and will exercise the degree of care that the owner of such information would reasonably be expected to employ for its own benefit.

5. During Recipient's tenure with Franchisee, and for a period of two (2) years from and after the date of termination of said position with Franchisee or the termination of the relationship between Franchisee and Franchisor for any reasons whatsoever, Recipient will not, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate, partnership, limited liability company or corporation, as owner, principal, agent, independent contractor, employee, officer, manager or director or in any manner whatsoever, directly or indirectly solicit, interfere with, induce, attempt to induce, or endeavor to cause any franchisee, vendor, client, account or referral source to leave their relationship with Franchisor, Franchisee, or their affiliated entities, nor to do business with any third party that is concerned with or interested in any Competitive Business of Franchisor, except that an esthetician may be employed by an unaffiliated third party as an esthetician after its tenure with Franchisee, subject to the confidentiality provisions set out above. "Competitive Business" is defined as any business that is engaged principally in providing the same or similar services and products offered by Franchisor's franchisees, and includes the business that was operated by Franchisee as part of the Franchised Business. Competitive Business includes a business that offers skincare services and products.

6. Recipient (in consideration of their position at Franchisee) covenants and agrees that, during the term of their tenure with Franchisee, Recipient will not, without the prior written consent of Franchisor, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate, partnership, limited liability company or corporation, as owner, principal, agent, independent contractor, employee, officer, manager or director or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit their names or any part thereof to be used or employed in any business operating in competition with or similar to the Franchised Business or businesses similar to the Franchised Business.

7. In the event of the termination of Recipient's position with Franchisee or termination of the Franchisee's relationship with Franchisor for any reason whatsoever, Recipient (in consideration of Recipient's position with Franchisee) will not, without the prior written consent of the Franchisor, at any time during the period of two (2) years from the date of such expiration or termination, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate, partnership, limited liability company or corporation, as owner, principal, agent, independent contractor, employee, officer, manager or director or in any manner whatsoever, carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed by any person or persons, firm, association, syndicate, franchisor, partnership, limited liability company or corporation engaged in or concerned with or interested in any Competitive Business within Franchisee's protected territory or within a twenty (20) mile radius of the perimeter of Franchisee's protected territory or the perimeter of the protected territory of any other franchisee of Franchisor or any affiliate of Franchisor, except that an esthetician may be employed by an unaffiliated third party as an esthetician, subject to the confidentiality provisions set out above.

8. Recipient will not in any way enter into any discussions or communications which could reasonably be expected to disparage the reputation of Franchisor, whether during the term of Recipient's tenure with Franchisee or at any time thereafter.

9. If any covenant or provision contained in this Agreement is determined to be void or unenforceable in whole or in part, it will be deemed not to effect or impair the enforceability or validity of any other covenant or provision of this Agreement or any part thereof.

10. Recipient acknowledges and agrees that a breach by Recipient of any of the covenants contained in this Agreement would result in damages to Franchisor, and that Franchisor could not be adequately compensated for such damages by monetary award. Accordingly, Recipient agrees that in the event of any such breach, in addition to all other remedies available to Franchisor at law or equity, Franchisor will be

entitled as a matter of right to apply to a court of competent equitable jurisdiction for such relief by way of restraining order, injunction, decree or otherwise as may be appropriate to ensure compliance by Recipient with the provisions of this Agreement.

11. Only Franchisor may at any time waive in whole or in part the benefit of any provision of this Agreement or any default by Recipient under this Agreement; provided, however, that any waiver on any occasion will be deemed not to be a waiver of any subsequent default or a waiver of any other provision or default.

12. This Agreement will be governed by and construed and enforced in accordance with the internal laws of the State of Delaware and will be binding upon the parties hereto in the United States. Except as provided in Section 11, the federal and state courts within the State of Delaware will have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement.

13. This Agreement constitutes the entire agreement between the parties and will supersede all previous expectations, understandings, communications, representations and agreements whether verbal or written between the parties with respect to the subject matter.

14. No amendment to this Agreement will be valid unless it is evidenced by a written agreement executed by all of the parties. This Agreement is personal to Recipient and may not be assigned by them at any time. Franchisor may assign this Agreement at any time.

EXECUTED as of this _____ day of _____, 20____.

RECIPIENT

By: _____
(signature of Recipient)

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

By: _____

Its: _____

Exhibit A-7

Termination Agreement and Release of Claims

TERMINATION AGREEMENT AND RELEASE OF CLAIMS

This TERMINATION AGREEMENT AND RELEASE OF CLAIMS ("Agreement") is entered into by and between Skin Experts By Brentwood Spa Franchise Inc., a Delaware corporation, ("Franchisor"), [Insert Company Name], a [State] [Entity Type], ("Franchisee") and those person who guaranteed Franchisee's obligations under the Franchise Agreement (as defined below) (each a "Guarantor"), and is effective as of the latter date below on which this Agreement is duly executed by the parties ("Effective Date").

RECITALS

A. Franchisee and Franchisor entered into a Franchise Agreement on [] for the location of [] (the "Franchise Agreement") under which Franchisee agreed to operate a franchised business (the "Franchised Business") within a protected territory specified in the Franchise Agreement (the "Territory") and in compliance with the terms of the Franchise Agreement.

B. Franchisee desires to terminate the Franchise Agreement

C. Franchisor has agreed to assist Franchisee by consenting to the termination and releasing Franchisee of its continuing obligations under the terms of the Franchise Agreement as provided for in this Agreement.

AGREEMENT AND FRANCHISEE'S RELEASE OF CLAIMS

1. Termination of Franchise Agreement by Mutual Consent. Franchisor and Franchisee hereby irrevocably terminate the Franchise Agreement by mutual consent as of the Effective Date. Consequently, neither Franchisor nor Franchisee will have any further obligation to each other after the Effective Date under the terms of the Franchise Agreement except as provided below, and Franchisor will be free to operate, either directly or through another franchisee, in the Territory covered by the Franchise Agreement. Franchisee acknowledges it voluntarily requested to be released from its obligations under the Franchise Agreement, and that the termination of the Franchise Agreement will have no effect on the parties continuing obligations under any other franchise or other agreement between the parties, which agreements, will remain in full force and effect. The parties further acknowledge that the termination of the Franchise Agreement does not affect any right or obligation imposed by the Franchise Agreement that by its terms survives termination or expiration, including, but not limited to, Franchisee's obligations with respect to confidentiality, non-use and non-competition and Franchisee's obligations to indemnify Franchisor for Franchisee's actions or conduct before or after the Effective Date.

2. Franchisee's Obligation to Franchisor. In consideration for Franchisor's consent to the termination of the Franchise Agreement, Franchisee agrees to pay Franchisor [a \$_____] termination fee] and the continuing fees up until [date]. This payment will be made directly to

Franchisor prior to the execution of this Agreement. Franchisor will return these monies to Franchisee if Franchisor does not execute this Agreement.

3. Franchisee's Obligations to Third Parties. Franchisee acknowledges and agrees that it is Franchisee's sole responsibility to negotiate any termination of any agreement with any third party that is related to the Franchise Agreement, or that was otherwise entered by Franchisee as a result of the Franchise Agreement. Franchisor will have no liability to Franchisee for any costs, debts, expenses, or liabilities to any third party incurred by Franchisee as a result of, or in reliance on, the Franchise Agreement.

4. Franchisee's Release of Claims

a. Release – General Provisions. Franchisee hereby releases and forever discharges each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Franchisee now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof arising out of or relating to the Franchise Agreement or the Franchised Business (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

b. "Franchisor-Related Persons/Entities" means Franchisor, any of Franchisor's affiliates, and all of Franchisor's or its affiliates current or former employees, agents, representatives, officers, directors, shareholders, accountants, or attorneys.

c. Date of Release. The release granted hereunder will be deemed effective as of the Effective Date.

d. Waiver of Statutory Preservation Provisions. Franchisee hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisor would be entitled, now or at any time hereafter under any statute, regulation, or common law principal of any jurisdiction, including Section 1542 of the Civil Code of the State of California, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Franchisee or its owners reside.

5. Non-Compete Covenant.

Notwithstanding Section 13(3) of the Franchise Agreement, Franchisor agrees that [name] will be free to work in the capacity of an employee or independent contractor for a Competitive Business during the Restricted Period, provided that [name] does not have an ownership interest, or senior management role, in such Competitive Business.

6. Post-Term Obligations.

a. Provided Franchisee and Guarantor (as defined in the Franchise Agreement) are successful in selling and completing all Transfer requirements for the Franchised Businesses to one or more approved third part(ies) as addressed in the Franchise Agreement, Franchisor agrees that Franchisee and Guarantor are not responsible for removing all Franchised Business' and associated trademarks, signage, fixtures, furniture, equipment and appliances at the Franchised Business. However, if Franchisee and Guarantor are unsuccessful in selling the Franchised Businesses to an approved third party prior to the Effective Date, Franchisee and Guarantor will be immediately required to make such removal.

b. Franchisee and Guarantor agree that they will not make comments or statements, in any letter, e-mail or in any form of media, including social media which use or refer to the Franchised Businesses trademarks or any other trademarks owned by Franchisor in a derogatory, negative or inappropriate manner or would reasonably be expected to harm the reputation of Franchisor or could reasonably be expected to lead to unwanted or unfavorable publicity. This non-disparagement covenant is a fundamental term of this Agreement.

b. Franchisee and Guarantor agree not to sell or otherwise dispose of any of the proprietary information, materials, equipment, devices, products or packaging of the Franchised Business to any third party that is not an authorized Franchised Business franchisee.

d. Each of Franchisee and Guarantor, on the one hand, and Franchisor and its officers, directors and employees on the other hand, agree that they will not make, utter, write, repeat, publish, republish or broadcast comments or statements about the other(s) or their associated, related or affiliated entities or any of their respective officers, managers, directors, owners, employees or agents that are disparaging or defamatory or be the source of such comments or statements, in any letter, e-mail or in any form of media, including social media. Nothing in this Agreement is intended to prevent Franchisee or Guarantor from making fair comments in the event that they are contacted by a prospective franchisee of Franchisor. [Nothing in this Agreement is intended to prevent Franchisor from making fair comments internally within the SKIN EXPERTS by Brentwood Spa® system in respect of which there is a qualified privilege.] If this covenant is breached, then the affected party may seek an interim, interlocutory and permanent injunction to restrain the party responsible for the comments or statements from making such

comments or statements in the future in addition to any claim for damages that the affected party may choose to seek.

7. General Provisions

- a. This Agreement is only effective upon signature by both parties.
- b. The undersigned certify and warrant that they are fully authorized to enter into this agreement and to bind the party that they respectively represent.
- c. The execution of this Agreement does not and will not constitute an admission by either party of any fact, allegation, or representation not expressly contained in this Agreement.
- d. The releases set forth in this Agreement do not affect, release, or diminish any rights, undertakings, or obligations established by this Agreement or any claim that may arise by reason of this Agreement.
- e. This Agreement will be governed by, and interpreted and construed in accordance with, the laws of the State of Delaware.
- g. This Agreement is binding upon and insures to the benefit of the parties and their respective heirs and successors, and assigns.
- h. This Agreement is the entire agreement between the parties in respect to the subject matter hereof and supersedes any and all prior and contemporaneous oral or written agreements, understandings, and representations. Neither party has made or relied upon any representation or warranty from the other except as is contained herein. This Agreement may be amended only by way of an Instrument in writing signed by the parties.
- i. This Agreement may be signed in counterparts and delivered via facsimile or other electronic means.
- j. The parties acknowledge and agree that this Agreement was prepared jointly by the parties and not by either party to the exclusion of the other party. Each party represents that it enters into this Agreement with the full understanding of the terms. Each party further represents that it has had adequate opportunity to consult with counsel of its choosing and has in fact consulted with counsel for review of and advice concerning this Agreement.
- k. Capitalized terms will have the meanings as defined in the Franchise Agreement unless otherwise defined herein.
- l. This Termination Agreement and Release of Claims does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

(signature page to follow)

AGREED UPON AND EXECUTED BY:

FRANCHISEE:

[FRANCHISEE]

Name: _____

Title: _____

Date: _____

[GUARANTORS]

Signature: _____

Name: _____

Title: _____

Date: _____

Signature: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

Signature: _____

Name and Title: _____

Date: _____

Exhibit A-8
Assignment of Franchise Agreement

**ASSIGNMENT OF FRANCHISE AGREEMENT
TO A CONTROLLED CORPORATION**

This ASSIGNMENT AGREEMENT (the “**Agreement**”) made this [Day] day of [Month] [Year].

AMONG:

**SKIN EXPERTS BY BRENTWOOD SPA
FRANCHISE INC.**, a corporation incorporated under the
laws of Delaware, with an office located at 8605 Santa
Monica Blvd., Unit #63174, West Hollywood, California
90069-4109

(the "**Franchisor**")

AND:

[NAME OF INDIVIDUAL(S)]
[Insert]

(together, the "**Assignor**")

AND:

[NAME OF CONTROLLED CORPORATION]
[Insert]

(the "**Assignee**")

WHEREAS:

- A.** The Franchisor and Assignor entered into a franchise agreement dated [Franchise Agreement Date] for the location of [Name of Location] (the “**Franchise Agreement**”), and an addendum to the Franchise Agreement dated [date], pursuant to which the Franchisor was the franchisor and the Assignor was the franchisee of a Franchised Business;
- B.** [IF SECOND LOCATION The Franchisor and Assignor entered into a franchise agreement dated [Date] for the location of [Name of Location] (the “[**Location**]**Franchise Agreement**”), and an addendum to the Franchise Agreement dated [Date], pursuant to which the Franchisor was the franchisor and the Assignor was the franchisee of a Franchised Business;]
- C.** The Franchisor and Assignor entered into a conditional assignment of telephone and directory listings, dated [Date], for the [Location(s)] location ([collectively,] the

“Conditional Assignment”);

- D.** The Assignor entered into the Franchise Agreement, [the Addendum] and the Conditional Assignments (collectively, the **“Documents”**) as an individual and wishes to assign the Documents to the Assignee, which is a corporation controlled by the Assignor; and
- E.** The Franchisor has consented to such assignment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

- 1.** Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the Franchise Agreement.
- 2.** Concurrent with the execution of this Agreement, the Assignor has provided the Franchisor with a copy of the Assignee’s certificate of incorporation and current register of shareholders.
- 3.** Effective as of the date first above written (the **“Effective Date”**), the Assignor assigns to the Assignee:
 - a. The Franchise Agreement; and
 - b. All assets, leases, intangibles (including without limitation, insurance contracts) and all other assets held by the Assignor that are necessary for or used in the Franchised Business;such that the Franchise Agreement is amended so that the Assignee shall be the Franchisee thereunder and the Assignor shall be the principal thereunder.
- 4.** From and after the Effective Date, the Assignee will observe and perform all covenants and agreements of the Franchisee contained in the Franchise Agreement as though the Assignee were the Franchisee originally named therein.
- 5.** The Assignor represents, warrants, covenants and agrees with Franchisor that the Assignor:
 - a. Is possessed of, and will retain at all times during the Term and any exercised Renewal Term, the legal and beneficial ownership of, and the power to vote not less than 75% of the outstanding voting shares of, the Assignee;
 - b. Will remain at all times the principal officer, director, member or partner of the Assignee, as applicable;
 - c. Has full power and authority to enter into the transactions contemplated by this Agreement and all consents obtained necessary for the transactions contemplated by this Agreement have in fact been obtained; and

- d. Without limiting section 5(c) of this Agreement, to the extent any consents to the transfer of any of the assets or leases of the Assignor have not been obtained, the Assignor declares that such assets or leases are held in trust for the Assignee and the Assignor will use its best efforts to obtain such consents as soon as possible.

OR

The undersigned signatories for the Assignor jointly and severally represent, warrant, covenant and agree with Franchisor that each of them:

- a. Together with the other, is possessed of and will retain at all times during the Term and any exercised Renewal Term, the legal and beneficial ownership of, and the power to vote not less than 75% of the outstanding voting shares of, the Assignee;
- b. Will remain at all times a principal officer, director, member or partner of the Assignee, as applicable;
- c. Has full power and authority to enter into the transactions contemplated by this Agreement and all consents obtained necessary for the transactions contemplated by this Agreement have in fact been obtained; and
- d. Without limiting section 5(c) of this Agreement, to the extent any consents to the transfer of any of the assets or leases of the Assignor have not been obtained, declares that such assets or leases are held in trust for the Assignee and each of them will use its best efforts to obtain such consents as soon as possible.

6. The Assignee represents, warrants, covenants and agrees with the Franchisor that the Assignee:

- a. Has the corporate power and capacity to enter into and perform this Agreement, and to observe and perform the Franchise Agreement and all other documents which the Franchisor requires it to execute, and that execution and performance of this Agreement, the Franchise Agreement and such documents have been duly authorized by the Assignee;
- b. Will concurrently herewith and from time to time hereafter complete and execute a certificate of corporate status in the form provided by the Franchisor to the Assignee;
- c. Will at all times maintain its corporate existence and will obtain and maintain registration to carry on business in the jurisdiction in which the Franchised Business is located; and
- d. Currently observes and conforms to and will continue to observe and conform to all applicable laws and will obtain and maintain in good standing all licenses, permits and approvals in order to maintain its corporate existence and operate the Franchised Business.

7. The Assignee will not without the prior written consent to the Franchisor:
 - a. Create or issue to anyone not currently a registered shareholder of the Assignee any share of any class or kind in the capital of the Assignee or issue any instrument capable of being converted into a share in such capital;
 - b. Permit the transfer, assignment, gift or other disposition of any share in the capital of the Assignee to any person not currently a registered shareholder of the Assignee;
 - c. Redeem any of its shares or reduce its capital;
 - d. Enter into any corporate reorganizations, whether by way of amalgamation, merger, wind-up, subscription, exchange or acquisition;
 - e. Change its memorandum, articles of incorporation or its name; or
 - f. Take any step to wind-up or dissolve, assign into bankruptcy or receivership or do or fail to do anything else which might otherwise impair its existence or its ability to operate the Franchised Business in full compliance with the Franchise Agreement.
8. The Franchisor consents to the assignment provided in section 3 hereof on the strict understanding and condition that nothing in this Agreement shall create a novation of the Franchise Agreement or otherwise release the Assignor from any of his or her covenants and agreements as the Franchisee named in the Franchise Agreement; such covenants and agreements of the Assignor shall continue in full force and effect hereafter. From and after the Effective Date, the Assignor and the Assignee agree that they will be jointly and severally liable to the Franchisor for the observance and performance of all covenants and agreements of the Franchisee contained in the Franchise Agreement.
9. This Agreement shall enure to the benefit of and shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns (permitted successors and permitted assigns in the cases of the Assignor and Assignee). If the Assignor is comprised of more than one person, then all covenants and agreements of the Assignor are joint and several.
10. Each party will, at that party's own cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting party to give effect to this Agreement and, without limiting the generality of this Section 10, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all governmental authorities having jurisdiction over the affairs of a party or as may be required at any time under applicable law.
11. This Agreement will be construed in accordance with and governed by the laws of the State of Delaware without regard to principles of conflicts of law, except that no Delaware statute

or regulation will apply or shall give rise to any right or claim unless the territory contemplated under this Agreement is in the State of Delaware and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision.

12. This Agreement may be signed in counterparts and delivered via facsimile or other electronic means.

(signature page to follow)

EXECUTED as of the Effective Date.

ASSIGNOR:

[Name of Individual]

[Name of Individual]

ASSIGNEE:

[CONTROLLED CORP. NAME]

By: _____

Name: _____

Title: _____

(for the Assignee, and in a personal capacity as to the representations in section 5)

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCISE INC.

By: _____

Name: _____

Title: _____

Exhibit A-9

Addendum (To Franchise Agreement Upon Assignment)

ADDENDUM

This addendum agreement (the “**Agreement**”) is made this [Day] day of [Month], [Year].

AMONG:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC., a corporation incorporated under the laws of Delaware, with an office located at 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109

(the “**Franchisor**”)

AND:

[**NAME OF CONTROLLED CORPORATION**]
[Insert Address]

(the “**Franchisee**”)

AND:

[**NAME OF INDIVIDUAL**]
[Insert Address]

(the “**Principal**”)

WHEREAS:

- A. The Franchisor, Franchisee and Principal entered into a franchise agreement dated [Date of Franchise Agreement] for the location of [Location] (the “**Franchise Agreement**”) pursuant to which the Franchisor was the franchisor, the Franchisee was the franchisee and the Principal was the principal of a Franchised Business; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

- 1. Interpretation.** Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the Franchise Agreement. In the case of any conflict between this Agreement and the Franchise Agreement, this Agreement shall govern.

2. Performance Acknowledgement. The Franchisor hereby acknowledges receipt, due performance and/or full satisfaction of the amounts, payments and obligations set out in the following sections of the Franchise Agreement:

- Section 2(n)(ii) – training program;
- Section 3(a) – initial franchise fee;
- Section 5(a)(i) – during training that reveal inability to operate a franchise; and
- Section 9(d) – pre-opening branding and promotion.

3. Start Date. Section [1(gg)] of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(aa) **“Start Date”** means [12:01am] local standard time on [Start Date];”

(signature page to follow)

EXECUTED as of the day and year first above written.

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE]

By: _____

Name: _____

Title: _____

PRINCIPAL

[Print Name]

Exhibit A-10

Addendum (To Franchise Agreement Upon Renewal)

ADDENDUM

This addendum agreement (the “**Agreement**”) is made this [Day] day of [Month] [Year].

AMONG:

**SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE
INC.**, a corporation incorporated under the laws of the State
of Delaware, with an office located at []

(the “**Franchisor**”)

AND:

[NAME OF CONTROLLED CORPORATION]
Street
City, State, USA
Zip Code]

(the “**Franchisee**”)

WHEREAS:

- F.** The Franchisor and Franchisee entered into a franchise agreement for the location of [Location] dated [Original FA Date] and all addenda executed in relation thereto (the “**Franchise Agreement**”) pursuant to which the Franchisor was the franchisor, the Franchisee was the franchisee of a Franchised Business;
- G.** The Franchisor and Franchisee are desirous of renewing the Franchise Agreement in accordance with Section 4(b) thereof through the execution of a new franchise agreement for the location of [Location] dated [New Agreement Date] (“**New Franchise Agreement**”); and
- H.** The parties hereto wish to enter into this Agreement to modify certain sections of the New Franchise Agreement to reflect that the New Franchise Agreement is a renewal of the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

- 1. Interpretation.** Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the New Franchise Agreement. In the case of

any conflict between this Agreement and the New Franchise Agreement, this Agreement shall govern.

2. Franchise Agreement Term. Notwithstanding anything in the Franchise Agreement to the contrary, the term of the Franchise Agreement shall expire at 12:00 midnight local time on [Date], or at such other time as the Franchisor and Franchisee may agree in writing, and the terms and conditions of the Franchise Agreement shall remain in full force and effect until that time.

3. New Franchise Agreement Term. The Franchisor and Franchisee mutually acknowledge and agree that the term of the New Franchise Agreement shall be deemed the Initial Term thereof defined under Section 4(a) of the New Franchise Agreement.

4. Performance Acknowledgement. The Franchisor hereby acknowledges performance and full satisfaction of the amounts, payments and obligations set out in the following sections of the New Franchise Agreement:

- a) [Section 2(n)(ii) – training program;
- b) Section 3(a) – initial franchise fee; and
- c) Section 9(d) – pre-opening branding and promotion.]

5. Start Date. Section 1(gg) of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(aa) “**Start Date**” means 12:00:01 am local standard time on [Date];”

6. Training by the Franchisor and Manuals. Pursuant to Section 5(a) of the New Franchise Agreement, the Franchisee shall not be required to attend the Initial Training Program.

7. Minimum Gross Sales. Section 6(a) of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(a) Minimum Gross Sales. The Franchised Business operated by Franchisee must generate, as a minimum, the annual levels of performance as set out below:

- (i) [] (\$[]) of Gross Sales in the first twelve (12) month period following the Start Date; and
- (ii) [] (\$[]) of Gross Sales in each twelve (12) month period thereafter (including such periods during any Renewal Term) plus a compound annual increase in Gross Sales of ten (10%) percent per twelve (12) month period.”

(signature page to follow)

EXECUTED as of the day and year first above written.

FRANCHISEE:

[FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR:

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

By: _____

Name: _____

Title: _____

Exhibit A-11

ACH Form



SKIN EXPERTS
by Brentwood Spa

Authorization and Agreement for Business Pre-authorized Direct Debit Payment

TERMS AND CONDITIONS

1. We (the "Payor") acknowledge that the duly authorized and executed enrolment/authorization form (the "Authorization") is provided for the benefit of Skin Experts By Brentwood Spa Franchise Inc. ("Skin Experts By Brentwood Spa") and _____ (the "Bank"), and is provided in consideration of the Bank agreeing to process debits against the account designated in the Authorization in accordance with the Rules of the U.S. Payments Association.
2. The Payor warrants and guarantees that all persons whose signatures are required to sign on the designated bank account have signed the Authorization, and that such persons have authority to act on behalf of the Payor.
3. The Payor hereby authorizes Skin Experts By Brentwood Spa to draw on the designated account with the Bank for the purpose of paying the invoiced amounts referred to in the Authorization.
4. The Payor has the right to cancel the Authorization at any time upon providing written notice of revocation to Skin Experts By Brentwood Spa at least 30 days prior to the PAD being issued by Skin Experts By Brentwood Spa. The Payor may obtain a sample cancellation form, or further information on Payor's right to cancel a PAD Agreement at the Payor's financial institution.
5. The Payor acknowledges that provision and delivery of this authorization to Skin Experts By Brentwood Spa also constitutes delivery by the Payor to the Bank.
6. The Payor undertakes to inform Skin Experts By Brentwood Spa, in writing, of any change in the account information provided in the Authorization.
7. The Payor acknowledges that the Bank is not required to verify that any pre-authorized debit ("ACH") to be made on the designated account accords with the particulars of the Authorization.
8. The Payor acknowledges that the Bank is not required to verify, as a condition to honoring the ACH, that any goods or services for which payment by ACH was made, have been or will be, in fact, provided by Skin Experts By Brentwood Spa.
9. Revocation of the Authorization does not terminate any contracts for goods and services that exist between the Payor and Skin Experts By Brentwood Spa. The Authorization applies only in respect of the method of payment, and does not otherwise have any bearing on the contract for goods and services exchanged between the Payor and Skin Experts By Brentwood Spa.
10. The Payor has certain recourse rights if any debit does not comply with this agreement. For example, the Payor has the right to receive reimbursement for any ACH that is not authorized or is not consistent with this ACH Agreement. To obtain more information on the Payor's recourse rights, the Payor may contact the Payor's financial institution. An ACH may be disputed by the Payor under the following conditions: (1) the ACH was not drawn in accordance with the Authorization; (2) the Authorization was revoked; or (3) pre-notification of the ACH was not received.
11. The Payor, in order to be reimbursed, acknowledges that a written declaration to the effect that either 10(1), (2) or (3) took place, must be completed and presented to the branch of the Bank holding the designated account within 10 business days of the date on which the ACH in dispute was posted to the Payor's account. The Payor acknowledges that any such dispute declared more than 10 business days after the date of the ACH is a dispute to be resolved solely between Skin Experts By Brentwood Spa and the Payor.

How to Join: Review the Terms and Conditions above. Complete and sign the enrolment/authorization form below. Attach a blank check marked "VOID" for the account from which you would like funds drawn. Fax or mail the enrolment/authorization form and voided check to: Skin Experts By Brentwood Spa Home Healthcare Services (USA) Inc., 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109/ Tel: (925)390-5505 // Email: franchise@skinexperts.com

ENROLMENT / AUTHORIZATION FORM

We have received a copy, read and understood all of the Terms and Conditions of Skin Experts By Brentwood Spa's ACH direct payment service. We hereby authorize Skin Experts By Brentwood Spa to proceed to debit in paper, electronic or other form from the designated bank account in the amount of the monthly invoice for the Skin Experts By Brentwood Spa account designated below. We enclose a blank check marked "VOID" for this purpose. We understand that the account will be debited 15 days after the invoice date.

Payor's Full Legal Name: _____ Type of Account ☐ Checking ☐ Savings Exact

Name in which Account is Held: _____ .Personal _____ Business _____

Franchise Location: _____ .Bank Name: _____

Branch Number: _____ Bank Account Number: _____ ☐ Blank check
marked "VOID" attached

Authorized Signature(s): _____ Date: _____

Exhibit B

Financial Statements

IF INTERIM FINANCIAL STATEMENTS ARE ATTACHED IN ADDITION TO THE ANNUAL FINANCIAL STATEMENTS, PLEASE NOTE THAT THESE INTERIM FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE INTERIM FINANCIAL STATEMENTS OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Income Statement
Skin Experts Franchise
For the 6 months ended June 30, 2024

Account	Jan-Jun 2024
Gross Profit	0.00
Expenses	
Bank Service Charges & Credits	325.00
Business License, Fees, & Permits	185.00
Legal & Professional Fees	28,270.66
Technology, Dues, & Subscriptions	1,052.00
Website, Marketing & Advertising	16,560.91
Total Expenses	46,393.57
Operating Income	(46,393.57)
Net Income	(46,393.57)

Balance Sheet
Skin Experts Franchise
As of June 30, 2024

Account	30-Jun-24
Assets	
Current Assets	
Checking Franchise - 2492	18,273
Total Current Assets	18,273
Total Assets	18,273
Liabilities and Equity	
Current Liabilities	
Accounts Payable/Bill.com Clearing	(10,333)
Equity	
Current Year Earnings	(46,394)
Capital Contributions	75,000
Total Equity	28,606
Total Liabilities and Equity	18,273

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

**Financial Statement
January 30, 2024**

**Together with Independent
Auditors' Report**

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

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January 30, 2024

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INDEPENDENT AUDITORS' REPORT

To those charged with governance of
Skin Experts by Brentwood Spa Franchise Inc.

Opinion

We have audited the financial statement of Skin Experts by Brentwood Spa Franchise Inc., which comprises of the balance sheet as of January 30, 2024 and the related notes to the financial statement.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of Skin Experts by Brentwood Spa Franchise Inc. as of January 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Skin Experts by Brentwood Spa Franchise Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Skin Experts by Brentwood Spa Franchise Inc.'s ability to continue as a going concern for one year after the date that the financial statement is issued.

Auditors' Responsibilities for the Audit of the Financial Statement

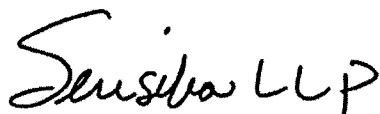
Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

In performing an audit in accordance with GAAS, we:

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

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Skin Experts by Brentwood Spa Franchise Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Pleasanton, California
February 5, 2024

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

Balance Sheet
January 30, 2024

ASSETS:

Current assets:

Cash	\$ <u>75,000</u>
------	------------------

Total assets	\$ <u><u>75,000</u></u>
--------------	-------------------------

STOCKHOLDER'S EQUITY:

Stockholder's equity:

Common stock	\$ <u>75,000</u>
--------------	------------------

Total stockholder's equity	\$ <u><u>75,000</u></u>
----------------------------	-------------------------

The accompanying notes are an integral part of this financial statement

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

Notes to Financial Statement

January 30, 2024

Note 1: Organization and operations

Skin Experts by Brentwood Spa Franchise Inc. (the “Company”), a Delaware C Corporation, was founded on January 16, 2024. The sole stockholder of the Company is Kul Holdings, Inc. (the “Stockholder”). The Company was formed for the purpose of acquiring certain assets relating to the concept and brand known as Brentwood Spa, including ownership of all intellectual property rights and the rights to license and franchise the concept and brand.

There were no operations of the Company prior to January 30, 2024. The Stockholder contributed \$75,000 in cash on January 30, 2024 to fund the Company’s operations, and is in the process of filing its first Franchise Disclosure Document (“FDD”) under this entity. The Company cannot enter into any new franchise agreements until the FDD is filed and considered effective.

The Company intends to offer and sell franchises under the name Skin Experts. The Company will sell franchises and hold the related license agreement for franchises sold under the franchise agreement. As of January 30, 2024, the Company has not sold any franchise agreements or the rights to develop any franchise units under any area development agreements.

Financial condition: The accompanying financial statement is prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Stockholder is responsible for managing and overseeing the day-to-day operations of the Company. The Stockholder will allocate expenses to the Company based on shared services and will sweep cash to and from the Company as needed. The Company will rely on resources from the Stockholder to support operations and the Stockholder has committed to continue to provide financial support to the Company for the Company’s franchising operations for at least the next twelve months from the date of issuance of the Company’s financial statement.

Note 2: Summary of significant accounting policies

Basis of presentation: The accompanying financial statement has been prepared in accordance with GAAP and include all adjustments necessary for the fair presentation of the Company’s financial position.

SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

Notes to Financial Statement

January 30, 2024

Note 2: Summary of significant accounting policies

Use of estimates: The preparation of a financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures at the date of the financial statement. Significant estimates affecting the financial statement have been determined on the basis of the most current and best available information believed to be reasonable under the circumstances. Actual results from the resolution of such estimates and assumptions may differ materially from those used in the preparation of the financial statement.

Cash: As of January 30, 2024, cash consisted of cash on deposit in one financial institution. From time to time, the Company may maintain cash balances that exceed the \$250,000 maximum amount insured by the Federal Deposit Insurance Corporation ("FDIC").

Income taxes: The Company files U.S. federal and state income tax returns which remain subject to examination from the filing date to the specific governmental agency statute of limitation. The Company does not have any tax audits pending at January 30, 2024.

The Company adheres to the guidance in Accounting Standards Codification ("ASC") 740, Income Taxes, for the accounting of the uncertainties in income taxes. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained upon audit by the applicable taxing authorities. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The interpretation also provides guidance on derecognition, classifications, interest, and penalties, accounting in interim periods, disclosure, and transition. As of January 30, 2024, the Company does not have any uncertain tax positions.

Subsequent events: The Company has evaluated subsequent events through the date that the financial statements were available to be issued which is the date of the independent auditors' report.

Exhibit C

Current and Certain Former Franchisees

Franchised Units Operational as of January __, 2024

None

Franchisees Who Left the System in Our Prior Fiscal Year

None

Exhibit D

Manual Table Contents



SKIN EXPERTS

SKIN EXPERTS FRANCHISE OPERATIONS MANUAL

Estimated Table of Contents

Preface for Manual—13 Pages

The Manual Organization

The Purpose of this Manual

The Importance of Confidentiality

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Submitting Suggestions to the Home Office

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Esthetician Daily Procedures F-4

Treatment Room Standards F-7

The Perfect Process F-9

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Best Practices for Managing Your Team G-4

Managing the Guest Experience G-8

Membership Management G-12

Inventory Management G-16

Financial Management/Operational Reports, Goals and KPIs G-20

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H. MARKETING AND PROMOTION 25 Pages

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Developing Marketing Plan H-2

Required Advertising Expenditures H-5

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APPENDICES

- Forms Appendix
- Skin Experts Brand Guide
- Service Protocols Appendix
- Product Education Appendix

Exhibit E

State Regulatory Authorities and Agents for Service of Process in Certain States

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND AGENTS FOR SERVICE OF PROCESS IN CERTAIN STATES**

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
California	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 (866) 275-2677	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 (866) 275-2677
Connecticut	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Not Applicable]
Delaware		Corporate Creations Networks Inc. 1521 Concord Pike #201 Wilmington, County of New Castle 19803
Florida	Dept of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, FL 32399-6500 (850) 410-3800	[Not Applicable]
Hawaii	Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Michigan	Consumer Protection Division, Antitrust and Franchising Unit Michigan Department of Attorney General G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Consumer and Industry Services Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, MI 48909 (517) 241-6470
Minnesota	Minnesota Commerce Department 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commerce Department 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
Nebraska	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 68508-1402 (402) 471-3445	[Not Applicable]
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 (212) 416-8222 (Phone)	New York Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
North Dakota	North Dakota Securities Department Fifth Floor 600 East Boulevard Avenue State Capitol, Fifth Floor, Department 414 Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard, Department 414 Bismarck, ND 58505 (701) 328-4712
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	[Not Applicable]
Rhode Island	Department of Business Regulation in the Service of Process, Disclosure Document and State Administrators Sections Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048	Director Department of Business Regulation State of Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Center Cranston, RI 02920 (401) 462-9588
South Dakota	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre SD 57501 (605) 773-3563

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Texas	Secretary of State Statutory Document Section 1019 Brazos Austin, Texas 78701 (512) 475-0775	[Not Applicable]
Utah	Division of Consumer Protection Utah Department of Commerce 160 East 300 South Salt Lake City, UT 84111 (801) 530-6601	[Not Applicable]
Virginia	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555
Federal Trade Commission	Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877)-382-4357	[Not Applicable]

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

State Effective Dates

The following states have franchise laws that require that the Franchise 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 document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California:	Pending
Hawaii:	Pending
Illinois:	Pending
Indiana:	Pending
Maryland:	Pending
Michigan:	Pending
Minnesota:	Pending
New York:	Pending
North Dakota:	Pending
Rhode Island:	Pending
South Dakota:	Pending
Virginia:	Pending
Washington:	Pending
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 F

Receipts

EXHIBIT F

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 SKIN EXPERTS by Brentwood Spa® offers you a franchise, it must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires 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 we do 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 state agency listed on Exhibit E.

The franchise sellers for this offering are: ☐ Jessica Gable, ☐ Tim Mulcahy, ☐ Shelley Hancock, ☐ Other _____. Their business address is 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109. Their phone number is (925)390-5505.

Issuance Date: February 5, 2024

See Exhibit E for a list of registered agents authorized to receive service of process.

I received a Disclosure Document dated February 5, 2024 that included the following Exhibits:

- | | | | |
|------|---|---|---|
| A | Contracts: | B | Audited Start-Up Balance Sheet as of |
| A-1 | Franchise Agreement with attached Schedules | | January 30, 2024 |
| A-2 | Conditional Assignment of Telephone and | C | Current and Certain Former Franchisees |
| | Directory Listings | D | Manual - Table of Contents |
| A-3 | State-Specific Addenda/Amendments | E | State Regulatory Authorities and Agents for |
| A-4 | Final Disclosure Questionnaire | | Service of Process in Certain States |
| A-5 | General Release | F | Receipts |
| A-6 | Non-Disclosure and Non-Competition | | |
| | Agreement | | |
| A-7 | Termination Agreement and Release of Claims | | |
| A-8 | Assignment of Franchise Agreement | | |
| A-9 | Addendum (upon Assignment) | | |
| A-10 | Addendum (upon Renewal) | | |
| A-11 | ACH Form | | |

Keep this copy

Date of receipt (print)

Name (print)

Name of corporation, LLC or partnership (print)

Signature (individually or as an officer, member or partner of)

State of organization (print)

EXHIBIT F

Receipt

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| A-10 Addendum (upon Renewal) | |
| A-11 ACH Form | |

Return this copy to us

Date of receipt (print)

Name (print)

Name of corporation, LLC or partnership (print)

Signature (individually or as an officer, member or partner of)

State of organization (print)

You may return the signed receipt to us by signing and dating it and emailing a copy to Skin Experts By Brentwood Spa Franchise Inc. at franchise@skinexperts.com.

Skin Experts By Brentwood Spa Franchise Inc.

Exhibit F – Receipts

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