

## FRANCHISE DISCLOSURE DOCUMENT

# HEYDAY

Heyday Franchise LLC  
A Delaware Limited Liability Company  
251 Little Falls Drive  
Wilmington, DE 19808  
[https://www.heydayskincare.com/  
sean@heydayskincare.com](https://www.heydayskincare.com/sean@heydayskincare.com)

You will operate an upscale shop offering skincare services and products and services in a warm, inviting, and unimposing retail location under the trade name and service mark HEYDAY®.

The total investment necessary to begin operation of a Heyday Shop franchise ranges from **\$574,000 to \$755,500**. This includes **\$92,000 to \$112,000** that must be paid to Franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sean Bock at 4455 East Camelback Rd., Suite 215A, Phoenix, AZ 85018, [sean@heydayskincare.com](mailto:sean@heydayskincare.com), (602) 505-4325.

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

Buying a franchise is a complex investment. The information in this 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: January 28, 2021

## 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 G.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Heyday Franchised Business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Heyday franchisee?</b>	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

### Some States Require Registration

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

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, arbitration and/or litigation only in New York. Out-of- state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in New York than in your home state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory and supplies necessary to operate your Heyday Shop from us, our affiliates, or from third party suppliers that we designate at prices that we 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 if your franchised business.
3. **Early Stage Franchisor.** 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.

**This Franchise.** Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

## TABLE OF CONTENTS

	<b>Page</b>
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES ..... 1
ITEM 2	BUSINESS EXPERIENCE ..... 3
ITEM 3	LITIGATION..... 3
ITEM 4	BANKRUPTCY ..... 3
ITEM 5	INITIAL FEES ..... 4
ITEM 6	OTHER FEES..... 5
ITEM 7	ESTIMATED INITIAL INVESTMENT..... 11
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES ..... 13
ITEM 9	FRANCHISEE’S OBLIGATIONS ..... 18
ITEM 10	FINANCING ..... 19
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING ..... 19
ITEM 12	TERRITORY ..... 27
ITEM 13	TRADEMARKS ..... 30
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION ..... 31
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ..... 31
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL ..... 32
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION..... 32
ITEM 18	PUBLIC FIGURES..... 42
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS ..... 43
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION..... 43
ITEM 21	FINANCIAL STATEMENTS ..... 52
ITEM 22	CONTRACTS..... 52
ITEM 23	RECEIPTS..... 52
EXHIBIT A	Table of Contents of Manuals
EXHIBIT B	List of State Administrators/ Agents for Service of Process
EXHIBIT C	Franchise Agreement
EXHIBIT D	Development Rights Agreement
EXHIBIT E	Financial Statements
EXHIBIT F	General Release
EXHIBIT G	List of Franchisees
EXHIBIT H	State Effective Dates
EXHIBIT I	Receipt

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

To simplify the language in this disclosure document, the term "we" or "Franchisor" means Heyday Franchise LLC, the franchisor. The term "you" means the person buying the franchise, the franchisee. If the franchise is a corporation, partnership, limited liability company, or other business entity, the term "you" does not include the entity's owners unless otherwise stated.

### The Franchisor, Predecessor and Affiliates

We are a Delaware limited liability company, formed on December 23, 2020 and only do business under our corporate name "Heyday Franchise LLC" "Heyday" "Heyday Wellness" and "Heyday Skincare". Our principal business address is 251 Little Falls Drive, Wilmington, DE 19808. Our agents for service of process are identified in Exhibit B. We have no predecessors.

Our parent is Heyday Wellness LLC ("Heyday Wellness"). Heyday Wellness is a Delaware limited liability company that also maintains its principal business address at 251 Little Falls Drive, Wilmington, DE 19808.

We have ten (10) affiliates (collectively, the "Operating Affiliates").

Nine (9) of our Operating Affiliates operate Heyday Shops in New York, California, and Pennsylvania. The name and primary business address of each of these Operating Affiliates is as follows:

<b>Operating Affiliate</b>	<b>Primary Business Address</b>
Heyday Wellness LLC	1130 Broadway, New York, NY 10010
Heyday Wellness Columbus LLC	67 West 71 <sup>st</sup> St, New York, NY 10023
Heyday Wellness Reade LLC	92 Reade St, New York, NY 10013
Heyday Wellness 1459 3rd Avenue LLC	1459 3 <sup>rd</sup> Avenue, New York, NY 10028
Heyday Wellness Lafayette LLC	382 Lafayette, New York, NY 10003
Heyday 19th Street LLC	1 West 19 <sup>th</sup> St, New York, NY 10011
Heyday San Vicente LLC	13330 San Vicente Blvd, Los Angeles, CA 90049
Heyday Beverly LLC	7228 Beverly Blvd, Los Angeles, CA 90036
Heyday Chestnut LLC	1735 Chestnut Street, Philadelphia, PA 19103

Our other Operating Affiliate is Heyday Wellness eComm LLC. Its principal business address is 251 Little Falls Drive, Wilmington, DE 19808.

We grant franchises for the operation of an upscale shop ("Shop") that offers skincare services and products in a warm, inviting, and unimposing retail location. We call this the "Franchised Business."

We have never directly operated a business of the type being franchised, but our parent and Operating Affiliates, directly or indirectly operate ten (10) Heyday Shops in New York, California, and Pennsylvania.

### The Franchise Offered

The Heyday concept was founded in 2014, when co-founders Adam Ross and Michael Pollak identified a need in the marketplace to provide education on skincare and facials without paying the high prices charged by spas and high-end salons. Heyday believes facials are more about self-care, health and wellness; not beauty or pampering. The concept quickly gained popularity with its first opening in New York City and

has expanded to ten (10) Shops in New York, Los Angeles, and Philadelphia. We began offering franchises in January 2021.

Our System includes a strong brand image, education and training programs, facial and skincare procedures, customer service standards and procedures, membership programs, gift card programs, advertising and marketing specifications and requirements, and other System Standards that we designate for developing, operating, and managing Heyday Shops, all of which we may change, improve, and further develop.

In connection with this Disclosure Document, we offer two types of agreements: (i) a Franchise Agreement for the operation of a Heyday Shop at an agreed upon location; and (ii) a Development Rights Agreement granting you the right to develop, open and operate an agreed upon number of Heyday Shops in a defined geographic area referred to as the "Development Area" on or before the Development Deadlines included in the Development Rights Agreement.

We require you to sign a Franchise Agreement. You may, but are not obligated to sign a Development Rights Agreement. If we enter into a Development Rights Agreement, you and we will agree to a Development Schedule that outlines the dates by which each of those additional Heyday Shops must be opened. (See Exhibit D). If you sign a Development Rights Agreement, you will be required to sign the Franchisor's then current form of Franchise Agreement when you sign subsequent franchise agreements pursuant to the Development Rights Agreement.

A typical Shop will be located in a Class A retail center, house 6 to 10 rooms, and have 1,400 to 2,200 square feet.

### Market and Competition

Skincare products and services are well developed and highly competitive. We believe, however, that Heyday Shops occupy an underserved niche market for facial services in a warm and inviting environment for a reasonable price. Your Shop will compete with high end salons and spas that offer facials at higher price points, and budget salons and spas that offer facials at similar price points, in a less inviting environment.

### Industry Specific Regulations

Your Shop's estheticians must be licensed estheticians in the state in which the Shop operates. You also must comply with all municipal, county, and state regulations relating to the operation of salons and spas including applicable health and sanitation regulations. Additionally, environmental laws may regulate the way in which certain solutions are used, stored, and disposed of in the process of providing services to your customers. Building codes may require special ventilation in your Shop.

Your Shop may require zoning or land use approvals, sales and use tax permits, special tax stamps, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses, and wastewater discharge permits. There may be other laws, rules, or regulations that affect your Shop, including ADA, OSHA, and EPA considerations.

You must also comply with applicable cosmetology and esthetics' regulations, employment laws, including federal and state discrimination laws, minimum wage, and other laws and regulations that apply to businesses generally. We do not offer opinions or assistance with local licensing issues. You are encouraged to retain local counsel to advise and assist you with these matters.

You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Shop. We strongly recommend that you consult with your own counsel concerning all

applicable licenses, laws, and regulations before you decide to purchase a franchise.

## **ITEM 2 BUSINESS EXPERIENCE**

Adam Ross-Chief Executive Officer. Mrs. Ross has served as our Chief Executive Officer since June 2014 in New York, NY.

Michael Pollak-Chief Experience Officer. Mr. Pollak has served as our Chief Experience Officer since August 2014 in New York, NY.

Maureen Sullivan-President and Chief Operating Officer. Mrs. Sullivan has served as our President and Chief Operating Officer since September 2020 in New York, NY. From September 2015 to March 2020, Mrs. Sullivan was the President and Chief Operating Officer for Rent the Runway in New York, NY.

Sean Bock-Chief Development Officer. Mr. Bock has served as our Chief Development Officer since October 2020. Mr. Bock was the Vice President of Franchising and Licensing for DryBar Franchising, LLC in Irvine, California between September 2014 and June 2020.

Marcy Mancina-Vice President of Operations. Ms. Mancina has served as our Vice President of Operations since July 2019. From September 2018 to May 2019, Ms. Mancina served as the Chief Operating Officer for Hudson BLVD. Group in New York, NY. From August 2015 to July 2018, Ms. Mancina served as the Vice President of Corporate Stores and Operations for European Wax Center in Fort Lauderdale, FL.

Laura Noonan-Vice President of Business Operations. Ms. Noonan has served as our Vice President of Business Operations since October of 2020. From January 2019 to September 2020, she served as the Director Strategy & Finance in Los Angeles, CA. From July 2017 to January 2019, Ms. Noonan served as the Finance Manager (Profitability + Growth) for Sweetgreen in Los Angeles, CA. From August 2014 to July 2017, Ms. Noonan served as Financial Planning + Analysis Manager for Sweetgreen.

Shea Amiruddin-Director of Skincare Education. Ms. Amiruddin has served as our Director of Skincare Education since January 2019 in New York, NY. From July 2016 to January 2019, Ms. Amiruddin served as the Undergraduate Education Manager for Dermalogica in New York, NY. From October 2014 to July 2016, Ms. Amiruddin served as the Education Director for Dermalogica Academy in New York, NY.

Collin Russell-Director of Talent and Culture. Mr. Russell has served as our Director of Talent and Culture since July 2020 in New York, NY. From October 2018 to June 2020, Mr. Russell served as our Manager of Talent. From January 2017 to October 2018, Mr. Russell served as the Manager, Instructor Programming and Talent Management for SoulCycle in Philadelphia, PA. From December 2015 to December 2016, Mr. Russell served as the Instructor Programming Administrator for SoulCycle in New York City.

Chiara Kramer-Director of Business Operations. Ms. Kramer has served as the Director of Business Operations since October of 2020. From August 2018 to September of 2020, she served as Manager of Operations Services. Between March 2017 and November 2017, Ms. Kramer served as the Community Director for Parsley Health in Los Angeles, CA. Ms. Kramer served as Director of Entertainment Marketing and Production for Mirrored Media from May 2015 to August 2016 in Los Angeles, CA.

## **ITEM 3 LITIGATION**

There is no litigation required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

There are no matters required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### Initial Franchise Fee

When you sign the Franchise Agreement, you will pay us a \$50,000 initial franchise fee (“Initial Franchise Fee”). The Initial Franchise Fee is generally uniform for all franchisees, and is nonrefundable upon payment. During 2020, we did not collect any Initial Franchise Fees. Initial Franchise Fees are revenue to us and used as we deem appropriate.

### Site Selection Assistance

Before you select a site for your Shop, if you use our designated national tenant broker, we will provide you with certain site selection assistance as we deem appropriate. We will visit your market once to review your proposed sites for your Shop at no extra cost. If we need to visit additional sites for your Shop beyond the first visit, then you must pay us for our site selection assistance at an hourly rate of \$300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker. We estimate the site assistance payments per additional visit would be approximately \$5,000 (including \$1,500 to \$2,000 to be retained to us).

If you do not use our designated national tenant broker, we will still provide you with certain site selection assistance as we deem appropriate and also visit your market to review your proposed sites for your Shop at no extra cost. If we need to visit additional sites for Shops beyond the one visit, then you must pay us for our site selection assistance at an hourly rate of \$300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker. We estimate the site assistance payments per additional visit would be less than \$5,000 (including \$1,500 to \$2,000 to be retained to us).

### Construction Visits

We reserve the right to conduct on-site inspections during the construction of your Shop as we deem appropriate. If we have to make more than one on-site inspections, we may require you to pay or reimburse us our out-of-pocket expenses that we incur in conducting such on-site inspections, including costs of transportation, lodging, and meals. We estimate that construction visit payments to us could range from \$500 to \$1,500 per visit.

### Initial Inventory

Before you open your Shop, you must purchase from our affiliate an initial opening inventory of skin care products and tools used to provide Shop services and retail sales. The total costs for the initial opening inventory for one Shop may range from \$35,000 to \$50,000 depending on your projected needs. The purchase price for these items is non-refundable.

### Development Rights Agreement

We may also enter into a development agreement (“Development Rights Agreement”) granting you the right to develop, open and operate an agreed upon number of Heyday Shops in a defined geographic area referred to as the "Development Area" on or before the Development Deadlines included in the Development Rights Agreement. You are not obligated to sign a Development Agreement. If we enter into a Development Agreement, you and we will agree to a Development Schedule. We require you to sign a

Franchise Agreement at the same time you sign a Development Rights Agreement. that outlines the dates by which each of those additional Shops must be opened. (See Exhibit D). If you sign a Development Agreement, you will be required to sign the Franchisor's then current form of Franchise Agreement when you sign subsequent franchise agreements pursuant to the Development Agreement.

If we offer you a Development Rights Agreement, you must pay us a lump sum development fee (“Development Fee”) when you sign that Agreement. The Development Fee is 1/2 of the Initial Franchise Fee (currently \$25,000) multiplied by the number of Heyday Shops that you agree to develop (with a maximum of five (5) Shops). We will insert the amount of this fee in the Development Rights Agreement before signing it. The range of Heyday Shops to be developed under a Development Rights Agreement is between 3 and 5 so the average fee to be paid upon execution of a Development Rights Agreement is between \$75,000 and \$125,000. The Development Fee is non-refundable, but we will apply \$25,000 of the Development Fee toward the Initial Franchise Fee owed under each franchise agreement that the Development Rights Agreement covers.

### ITEM 6 OTHER FEES

Type of Fee	Amount	Payable to Whom	Due Date
Royalties	7% of Net Sales	Heyday	ACH collected on the 10th day of the following month
Brand Fund Contribution	Up to 3% of Net Sales; we currently require you to contribute 2% of Net Sales to our Brand Fund	Heyday	ACH collected on the 10th day of the following month
Local Marketing Requirement	Ranges from 1% to 3% of Shop’s projected Net Sales depending upon the Shop’s Total Capacity Utilization during the immediately preceding 12 months (described in Item 11)	Heyday or approved third party vendors	Must be spent annually after the first year’s anniversary depending upon the Shop’s Total Capacity Utilization. We may require you to spend a substantial portion, or even all, of the Local Marketing Requirement during a specific, limited timeframe during the year.
Digital Marketing Program	Commencing in the fourth (4) month after opening you are required to spend \$3,000 per month. After the one year anniversary, you will spend \$1,500 per month; may be increased upon written notice to you	Heyday or approved third party vendors	This is paid to either Heyday or our Approved Supplier of digital marketing management services as we determine appropriate and in accordance with our current System practices, standards and specifications.
Reservation License Fee	\$600 (currently)	Heyday or our designated third party	Quarterly. We may increase the Reservation License Fee upon 30 days written notice.

Type of Fee	Amount	Payable to Whom	Due Date
		vendor (currently Boulevard)	
Technology Fee	\$800 (currently)	Heyday	We will collect a monthly Technology Fee in connection with technology products or services we determine to (a) associate or utilize in connection with the System, and (b) use the Technology Fee to cover all or certain portion of the corresponding costs. As of the Issuance Date, the Technology Fee covers ongoing licensing associated with internal/external communications, learning management platforms, recruiting platforms, operational data analytics, and data input/storage. We may increase the Technology Fee upon 30 days written notice.
Music License Fee	\$225	Annually	Our required music provider charges an annual fee to cover updates of playlist and payment of ASCAP license fees. This fee may be increased upon written notice from our required music provider.
Credit Card Processing Fee	3% of Credit Card Sales + \$.30 per transaction	We will calculate and retain the Credit Card Processing Fees prior to our payment to you of the Franchisee Share	Based on Credit Card Sales
Co-op Contribution	If a Cooperative is established and involves your Franchised Business, then your contribution to such a Cooperative will not exceed your then-current Local	As incurred	Payable to us if we assign your Franchised Business to an Advertising Cooperative. Any payments made towards or in connection with an Advertising Cooperative we establish and/or approve will be credited against your Local Advertising

Type of Fee	Amount	Payable to Whom	Due Date
	Advertising Requirement. We may also use your Monthly Digital Marketing Spend to assist with local market advertising.		Requirement. If there is an Affiliate-owned Shop in your Cooperative, then our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.
Client Service Support (“CSC”) Team	TBD	Monthly	We do not currently have a CSC Team but reserve the right to create one in the future. If we create a CSC Team, it will provide call center and related communication services to the Shops. If and when a CSC Team is created, each franchisee will be obligated to pay a pro rata share of the costs associated with the CSC Team. We may, directly or through a designated source (including an affiliate), develop, implement, operate, maintain, and improve a client services center for the benefit of all Heyday Shops and which all Heyday Shops must use. The CSC will perform various services for Heyday Shops and their clients, including outbound sales calls, scheduling facial appointments, resolving membership questions, handling customer inquiries, helping resolve client complaints and concerns, and maintaining a client database that provides management reports to franchisees.
Additional On-Going Training	Our then-current fee, currently \$300 per day per individual providing assistance, plus reimbursement of travel, lodging and dining costs.	Before Assistance	We will provide five days of initial Shop opening assistance to you at no additional charge. If we deem it necessary to provide additional opening or ongoing assistance, you must pay our then-current fee and expenses, for an additional five days of training.
Conference Registration Fee	Our then-current registration fee that we	As incurred	We may schedule and hold conferences and require that you

Type of Fee	Amount	Payable to Whom	Due Date
	charge in connection with any conferences we determine to conduct. Currently, we expect our conference registration fee to be \$1,000 to \$2,000		attend such conferences (along with appropriate team members). If you do not attend the required conference, we reserve the right to charge you a non-attendance fee amounting to the then-current registration fee. You will be responsible for the costs and expenses you incur in connection with any conference and we reserve the right to charge you our then-current registration fee.
Transfer Fee	50% of our then-current initial franchise fee if transferring to an existing Heyday franchisee; 75% of our then-current initial franchise fee, if transferring to a new franchisee entering the system	Before transfer	
Renewal Fee	the greater of 25% of the then current initial franchise fee or \$12,500	Before renewal	
Relocation Costs	Reimbursement of our actual expenses	Upon demand	If we approved relocation of the Shop, you must reimburse us for out-of-pocket costs incurred in connection with the relocation, including travel for site visits and \$100 per hour for any marketing assistance provided by us specific to advertising and marketing your new Shop location.
Supplier Approval Fee	Actual cost of any inspection, testing and evaluation that we conduct in connection with your proposed alternative supplier or products not to exceed \$5,000	Upon demand	You may recommend suppliers to us; however you must pay our reasonable costs and expenses related to the inspection and evaluations of the proposed supplier.

Type of Fee	Amount	Payable to Whom	Due Date
Interest/Late Charges	A rate of 18% per year or the highest amount allowed by law, whichever is less	Upon demand	Payable only if any sums due us are not paid promptly when due.
Charge for Nonpayment Due to "Insufficient Funds"	\$100 plus reimbursement of our costs and expenses from your non-payment.	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.
Audit Costs	Amount disclosed in the audit, plus our costs to conduct the audit		If an audit discloses an underpayment of the Royalty Fee due to us of 5% or more, you must pay the amount in error plus our costs and expenses for the audit.
Costs and Attorney's Fees	Actual fees incurred	Payable as incurred	You must reimburse us for our expenses in enforcing or terminating the Agreements.
Replacement Training for Manager or Shop Educator	\$3,000 per training session	Upon demand	We will train your initial Shop Educator and Manager during your initial training, but if you need to hire a new Shop Educator or Manager we may require you to send them to our replacement training and you will pay us a fee to train the replacement.
Continuing Education Requirements	Reasonable tuition, conference, or material costs	Upon demand	Each of your estheticians who provide facial care must comply with any continuing education requirements.
Indemnification	Amount of loss suffered	Upon demand	You must reimburse and pay our attorneys' fees and related costs if we are held liable for claims from your operation of the Shop.
Quality Assurance or Mystery Shops	Up to \$250 per occurrence	Upon demand	We may participate in a third party quality assurance program that provides mystery shops undertaken at your location.
Management Fee	Up to 10% of the Net Sales of your business during the period of time we or our representative	Upon demand	The Management Fee will be due to us if (1) you are in default under your Franchise Agreement or become disable (and unable to perform as the

Type of Fee	Amount	Payable to Whom	Due Date
	manages your business on your behalf plus costs and expenses we incur.		“Franchisee” under your Franchise Agreement), and (2) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchise Business back into compliance with the Franchise Agreement and System Standards
Resale Program Fee	Commission of 4.5% of the sale price if your Heyday Shop sells as a result of our introduction of a qualified buyer to you.	Prior to transfer	If you want to sell your Heyday Shop and we introduce a qualified Buyer to you. This is a voluntary program.
Insurance	Amount of insurance premium plus administrative fee equal to 20% of insurance premium	Upon demand	Payable only if you fail to maintain minimum insurance coverage.

**NOTES:**

- (1) All fees are payable to us and are uniformly imposed and non-refundable.
- (2) "Net Sales" means the aggregate of (1) all revenue from the sale of products and services, gift certificates and, memberships, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a Heyday Shop, (2) all monies, trade value (including the value of goods or services received from a barter exchange) or other things of value that you receive from Shop operations at, in, or from the Shop premises that are not expressly excluded from Net Sales, and (3) business interruption insurance proceeds. Net Sales does not include (1) monies received directly by your estheticians in the form of tips or gratuities, (2) the exchange of merchandise between Heyday Shops (if you operate multiple Shops) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Shop premises, (3) returns to shippers, vendors, or manufacturers, (4) the sale of gift certificates and stored value cards (the redemption value will be included in Net Sales at the time of redemption or on the date that we specify in the Operations Manual or otherwise in writing after the gift certificate or stored value card is purchased), (5) sales of fixtures or furniture after being used in the conduct of the Franchised Business, (6) cash or credit refunds for transactions included within Net Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you), (7) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority by you. Customer refunds may be deducted from Net Sales if the charge was previously included in Net Sales.
- (3) Beginning on the one-year anniversary of your shop opening, you must spend from 1% to 3% of the Shop’s projected annual Net Sales on Marketing Materials (defined as advertising, marketing, and promotional formats and materials) and advertising, marketing, and promotional programs for the Shop

(the “Local Marketing Requirement”), depending on the Shop’s “Total Capacity Utilization” during the immediately-preceding 12 months. We do not count money spent on the Grand Opening Plan or Brand Fund contributions toward the Local Marketing Requirement. We may review your books and records and have you send us reports to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Local Marketing Requirement, we may require you to contribute the shortfall to the Brand Fund.

**ITEM 7 ESTIMATED INITIAL INVESTMENT  
YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount</b>		<b>Column 3 Method of Payment<sup>(1)</sup></b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment Is To Be Made</b>
Initial Franchise Fee <sup>(1)</sup>	\$50,000	\$50,000	Lump Sum	On signing of Franchise Agreement	Heyday
Grand Opening Plan <sup>(2)</sup>	\$30,000	\$50,000	As arranged	As incurred	Approved suppliers
Travel and Living Expenses While Training <sup>(3)</sup>	\$3,000	\$6,000	As arranged	As incurred	Third parties
Leasehold Improvements <sup>(4)</sup>	\$287,000	\$334,000	As arranged	As required	Contractors and third party suppliers
Architect/Engineer/Permits and Licenses	\$30,000	\$45,000	As arranged	As required	Third party architects, engineers, and governmental agencies
Legal/ Professional Fees <sup>(5)</sup>	\$3,000	\$6,000	As arranged	As required	Your attorneys, accountants, and other professionals
Prepaid Rent, Security and other Deposits <sup>(6)</sup>	\$3,000	\$10,000	Per lease agreement	Per lease agreement	Your landlord
Initial Liability Insurance and Workers’ Compensation Deposit <sup>(7)</sup>	\$500	\$1,000	As arranged	As required by applicable policy	Your insurance broker and/or insurance company
Exterior Signage <sup>(8)</sup>	\$6,000	\$30,000	As arranged	As incurred	Third party supplier(s)
Furniture, Technology Hardware, Fixtures, and Equipment <sup>(9)</sup>	\$90,000	\$110,000	As arranged	As incurred	Heyday and third party suppliers

<b>Column 1</b> <b>Type of Expenditure</b>	<b>Column 2</b> <b>Amount</b>		<b>Column 3</b> <b>Method of Payment<sup>(1)</sup></b>	<b>Column 4</b> <b>When Due</b>	<b>Column 5</b> <b>To Whom Payment Is To Be Made</b>
Pre-Opening Esthetician Training <sup>(10)</sup>	\$6,000	\$12,000	Lump Sum	Prior to training	Heyday
Business Licenses and Permits	\$500	\$1,500	As arranged	As required	Governmental agencies
Initial Inventory and Supplies not otherwise noted <sup>(11)</sup>	\$35,000	\$50,000	As arranged	Eight weeks prior to opening	Heyday
Additional Funds (Initial 3-6 Month Period) <sup>(12)</sup>	\$30,000	\$50,000	As arranged	As incurred	Various
<b>Total</b>	<b>\$574,000</b>	<b>\$755,500</b>			

**NOTES:**

- (1) See Item 5 for more information about the Initial Franchise Fee.
- (2) Beginning two months prior and continuing through the first month after the opening of your Shop, you shall invest in grand opening promotions. The marketing investment includes a digital marketing plan that will cost between \$25,000-\$40,000. The digital plan will be created sixteen weeks prior to your opening and will commence twelve weeks prior to your opening. Other grand opening costs will include the costs for a local public relations firm, gratis services, billboard/signage advertising, magazine or newspaper advertising, free services, esthetician recruitment costs, and strategic partnerships.
- (3) See Item 11 for more information about our initial training program and training requirements. The low figure includes the cost of one moderately priced, double-occupancy hotel room for 14 days and travel costs between the hotel and training site for two individuals and one moderately priced hotel room for 7 days and travel costs for your proposed Shop educator. The high figure includes the cost of three moderately priced, double occupancy hotel rooms for 14 days, airfare and travel costs between the hotel and training site for three individuals and one moderately priced hotel room for 7 days and travel costs for your proposed Shop educator.
- (4) This estimate is based on the assumption that your Shop will be approximately 1,400 to 2,200 square feet with a net contribution of leasehold improvements from your Landlord of an average of \$30 per square foot. Construction and remodeling costs vary widely, depending upon the location, design, configuration and condition of the premises, the condition and configuration of existing services, and facilities such as air conditioning, electrical and plumbing, and the terms of your lease. In certain major metropolitan markets such as San Francisco, Los Angeles, Seattle, Chicago, Washington, D.C. costs could be significantly higher than the estimates provided here due to local market rates for materials and labor. The figures in the chart include a general contractor's fee (generally equal to 10% to 15% of total construction costs), millwork costs and installation, contractor's insurance, materials and supplies, tools, labor and subcontractor fees, and other costs to construct leasehold improvements conforming to our standards, and includes the estimated costs of fixtures and incorporating interior design elements.

Landlords routinely provide tenant improvement contributions to prospective tenants to assist in

the build out of Heyday Shops. That being said, it is possible that your landlord will not make a tenant improvement contribution for leasehold improvements. It is also possible that your landlord will make a larger tenant improvement contribution than the \$30 per square foot contribution included in this estimate. Additionally, your landlord may require you to provide proof that you have paid for the leasehold improvements before reimbursing you the money. As a result, your actual out-of-pocket costs and the costs of any construction financing that you may need to obtain may be significantly higher than the net leasehold improvements costs presented in this table.

- (5) These figures represent the estimated cost of hiring an attorney to assist you in evaluating the franchise opportunity, negotiating your lease, and in forming a business entity, and accountants' cost of setting up a new business.
- (6) These figures represent a lease security deposit equal to two months' rent in a typical market and utility security deposit equal to one month's utility charges. Although figures in the chart equal two months' rent, some landlords may require a security deposit equal to six months' rent in exchange for waiving the personal guaranty requirement.
- (7) See Item 8 for more information about your minimum insurance requirements. The low estimate accounts for the first semi-annual premium and the high estimate for the annual premium for the business policy and a three-month allocation for the workmen's compensation premium.
- (8) The figures include the potential for multiple exterior signage, a construction barricade sign (or blackouts), awning, interior signage and window graphics/decals.
- (9) These figures include the cost to purchase required facial chairs, facial equipment and tools, towels, guest furniture, industrial-grade washer & dryer machines, required design elements for your Shop, laptops, iMac computers, iPads, cameras, printer, router, Wi-Fi, speakers, low voltage cabling, and costs of installation and wiring.
- (10) You will incur costs related to pre-opening training for between 12 to 20 estheticians in the six weeks before you open your Shop. These costs include wages for estheticians, rent for the Premises, and miscellaneous expenses for training. Each esthetician should accrue between 40-60 hours (depending upon their experience) of training before they are released to perform services for customers.
- (11) Includes the cost of all required products for retail sale and back bar items used in the course of facial services.
- (12) These estimates do not include managerial salaries or any payment to you. These estimates also do not take into account finance payments, charges, interest, and related costs you may incur if any portion of the initial investment is financed. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months. However, we cannot guarantee that those amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. We relied on our affiliate's operating experience in opening 11 Shops over the past six years in compiling these working capital estimates.
- (13) All amounts are non-refundable unless otherwise noted.

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

### Purchases from Approved or Designated Suppliers, and Purchases According to Specifications

Since our trade dress is a unique aspect to our brand, you must use our designated architect, millwork

provider, and lighting supplier to design and construct certain aspects of your Shop.

You must purchase the computer hardware and subscribe to a software booking system from our approved suppliers. See Item 11 for more information about computer hardware and software requirements.

You must use our designated vendor and clearinghouse for your music system and music library and purchase equipment necessary to play our curated music playlist in our Shops. You must pay your pro rata share of music licensing fees we may pay to show media in our Shops.

We, and our affiliates, may produce, market, and sell proprietary and/or logoed skincare products (“Private Label Products”). If we produce Private Label Products, we or our affiliates will be the Designated Supplier that you must use and resell to your customers.

We also may establish designated or approved suppliers (which may be affiliated with us) for (1) Shop fixtures, furniture, equipment, items of decor, (2) graphic design services, (3) advertising, point-of-purchase materials and other printed promotional materials, (4) gift certificates and stored value cards, (5) stationery, business cards, contracts, and forms, and (6) bags, packaging, and supplies bearing our Marks, (7) uniforms, or (8) public relations and advertising services.

If you propose to purchase any items or service for which we have identified designated or approved supplier(s) from an unapproved source, you must obtain our approval. The purpose of these requirements is to establish quality control standards for the items used in the operation of your Shop and to protect, maintain and promote the product consistency, reputation, goodwill and public acceptance of our service marks, trademarks and products. We may require, as a condition of granting approval that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as we reasonably require be delivered to us or to an independent, certified laboratory for testing. We may charge a fee for testing, which will not exceed the reasonable cost of the inspection and the actual cost of the test. We will notify you within 120 days of your request as to whether you are authorized to purchase such products from that supplier. If we agree to evaluate a supplier, we will provide you or the supplier with our specifications and standards and our criteria for supplier approval.

### Shop Location and Lease

We have engaged a national tenant broker to provide advisory and site selection services to assist us with the expansion plans for Heyday’s Operating Affiliate Shops. The tenant representative provides advisory services whereby they analyze past and current sales of all Heyday locations, store size, co-tenancy, demographics, psychographics, and competition. As a result of this analysis they have identified possible factors to help us locate future sites. We recommend that you utilize the services of this tenant-representative to help you identify sites and assist you in the negotiations of the letter of intent. It is anticipated that the landlord will pay our tenant representative a brokerage commission for the services they provide to you. On the rare occasion that a landlord will not pay a commission, you will be obligated to pay the tenant broker \$15,000 as a success fee for the signing of the lease. If you do not use our designated national tenant broker, we will still provide you with certain site selection assistance as we deem appropriate and also visit your market to review your proposed site for your Shop at no extra cost. If we need to visit additional sites for Shops beyond the 1 visit, then you must pay us for our site selection assistance at an hourly rate of \$300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker. We estimate the site assistance payments per additional visit would be less than \$5,000 (including \$1,500 to \$2,000 to be retained to us). These site assistance expenses are separate from, and in addition to, the other fees and amounts you will pay under the Franchise Agreement. If you occupy the Shop according to a commercial lease, the lease must contain terms that we specify (See Lease Addendum attached as Attachment F to the Franchise Agreement).

We have a designated architect to provide architectural services to our franchisees. You must use our designated architect for your Shop, and must separately contract with our designated architect. We estimate your costs for using our designated architect will range from \$20,000 to \$40,000. Services provided will be general architecture services, including space planning, interior design, and architectural design.

We expect you will manage the construction process for your Shop, but we may provide recommendations on third party project management from time to time. We anticipate costs to engage a third party project management company could range from \$10,000 to \$15,000.

You must construct, equip, and improve the Shop in compliance with our current design standards and trade dress. We, or our designee, will give you mandatory and suggested specifications and layouts for your Shop, including requirements for dimensions, designs, images, interior layout, decor, and color scheme. 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 ("ADA") or similar rules governing public accommodations for persons with disabilities. You must prepare a site survey and all required construction plans and specifications for the Shop and make sure they comply with applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We must review and approve all final plans and specifications before you begin constructing the Shop and all revised or "as built" plans and specifications during construction. You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment (including a point-of-sale, cash register system), decor, and signs from our approved third party suppliers.

### Insurance

You must obtain and maintain insurance policies protecting you, and us as additional insured, on a primary non-contributory basis. The additional insured should be listed on the certificate as follows: Heyday Franchise LLC, and its officers, managers, members, partners, shareholders, regional directors, subsidiaries and affiliates, agents and employees; and it must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us). The policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns, and must provide for 60 days' prior written notice to us of any material modifications, cancellations, or expirations. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Shop is located and must have an A.M. Best rating of "A" or higher.

These policies must include the coverage that we require, which currently includes the following:

<b>Type of Insurance</b>	<b>Minimum Limit</b>
Commercial general liability coverage	\$1 million per occurrence, \$2 million aggregate limit and \$500,000 damage to rented premises per occurrence.
Personal injury coverage	\$1 million per occurrence, \$10,000 per person medical benefits.
Property damage coverage	All perils coverage to personal property contained inside and outside (including signage) the Shop.
Employers Liability coverage	\$1 million per occurrence
Boiler and machinery coverage	Coverage against any loss or damage from explosion of boilers or pressure vessels to the extent applicable to the facility.
Money and securities	\$10,000 per occurrence — inside; \$5,000 — outside.

Type of Insurance	Minimum Limit
Vehicle coverage	Coverage for any vehicles used in the Franchised Business or owned by the Franchised Business, \$1 million per occurrence. State requirements for uninsured and underinsured coverage.
Cyber Liability Coverage	\$1 million per occurrence
Umbrella liability	\$1 million per occurrence, \$2 million aggregate limit.
Business interruption or loss of profits coverage	Amount equal to at least 12 months of profits and necessary continuing expenses.
Workers compensation	Minimum requirements imposed by the jurisdiction in which the Franchised Business operates.

At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the additional insured and waiver requirements. If you fail to maintain the required insurance, we or our designee may (among other remedies) obtain the insurance for you and charge and demand reimbursement of the premium costs, plus an administrative charge not to exceed 20% of the premium amount as reimbursement for services in acquiring the insurance. Each year we may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

We may periodically increase the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

#### Required Purchases and Leases

You are required to contract with certain approved providers of technology services in connection with the development and operation of your Heyday Shop. The fees payable to these designated technology service providers varies.

We have contracted with a music company to run music programming in our Shops and you must purchase equipment and subscribe to their license agreements to run such music programming in your Shop as we direct from time to time.

We estimate that approximately 90% to 95% of your total cost in establishing the Shop will go toward purchasing products that meet our specification. We estimate that approximately 85% to 95% of your expenditures on an ongoing basis will be for goods that must be purchased from Heyday Products. We estimate that substantially all of your expenditures for leases and purchases in establishing your Franchised Business and approximately 10% to 20% of your total annual operating expenses on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

#### Payment Systems

You are required to accept all approved digital payment systems, debit and credit cards, gift cards, loyalty cards, frequency cards, and any other similar Franchisor sponsored electronic card and/or payment programs (collectively “Payment Systems”) from consumers at your Heyday Shop. Prior to the opening of your Shop, you will be required to acquire an approved debit, credit, and Payment System processing

system to use during the operation of your Heyday Shop. The components and specifications of the Payment Systems are identified in the Manual, including approved vendor(s) for such items. Additionally, you must utilize Franchisor's designated third party payment card processor, as identified in the Manual, for processing all such debit, credit, rewards, and Payment System transactions.

You are required to honor any gift cards for payment of services at your Shop, even if the card was purchased at another Shop. We will set forth our then-current System policies and practices regarding the allocation of the funds generated from the sale and redemption of gift cards and memberships that involve different Shop in our Manuals or otherwise set forth in writing.

#### Membership Model Policies

You must also offer and participate in the membership programs and services that we offer or authorize. You are required to honor memberships purchased at different Shops.

#### Customer Service Policies

You are required to follow all customer service policies as we identify and modify them from time to time in our Manual or otherwise in writing. Our then-current System policies regarding refunds or the provision of "make up" services may be set forth or modified upon written notice.

#### Revenue Derived from Franchisee Purchases and Leases

We anticipate developing Heyday branded products. You will be obligated to purchase such products from us and/or our affiliates if and when we offer such products for sale. We, or our affiliates, may receive other types of revenues, material benefits, and other consideration from your purchase of products and services we require to operate your franchised Shop.

#### Purchasing Arrangements; Description of Purchasing Cooperatives

We may contract with manufacturers and suppliers who provide volume discounts, rebates and other cash payments based on volume purchases of supplies, products and other items based on purchases by franchised and company- affiliated Shops. The rebates and/or allowances we receive are generally based upon a percentage of franchisee purchases. We may use the rebates and allowances received for our general operating purposes although we currently anticipate that all or some portion of such discounts, rebates, or other cash payments received by us as a direct result of your Shop will be provided to you or utilized in support of the Brand Fund. In 2020, Franchisor received total rebates and/or allowances of \$0 during 2020, which represents 0% of our total revenue of \$0. In all cases, we will deduct our expense to coordinate and test supplies, products or other items and supplies.

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Shop is located, you must participate in the purchasing program. Presently there are no purchasing or distribution cooperatives in existence for the franchise system.

We do not provide material benefits to you (for example, renewal or granting additional franchises).

You can expect that the items you will purchase in accordance with our specifications will represent 35%-45% of the total purchases you will make to begin operations and 35%-45% of your annual operating expenses for raw materials, products, and supplies.

We estimate your purchases from us will be between 20% and 30% of your total annual purchases. We may

negotiate special pricing arrangements or discounts with some of our suppliers. The arrangements may include special contract pricing, volume discounts, and specific discounts from regular wholesale prices.

Franchisor provides all specifications and standards to franchisees in the Manual. We may modify the specifications and standards from time to time by providing franchisees with modification or supplemental inserts to the Manual, by providing notices or bulletins, or by amending the Manual. The Manual is part of your Franchise Agreement with us.

We may vary the terms of our franchises in connection with testing new marketing, branding, research, and development of new menu offerings, and/or operational programs. These tests are generally conducted with experienced, existing franchisees and may include incentives and other rights which are not available to all franchisees. We reserve the right to sell some of the products associated with the Heyday brand to different retail outlets such as department stores, online retailers, and big box stores.

### ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	5	Item 8 and Item 11
b. Pre-opening purchases/leases	6, 12(A)(4), 12(B)	Item 5, Item 7, Item 8 and Item 11
c. Site development and other pre-opening requirements	6, 9(A)	Item 7, Item 8 and Item 11
d. Initial and ongoing training	11	Item 6 and Item 11
e. Opening	6(B)	Item 11
f. Fees	7	Item 5, Item 6, Item 8 and Item 11
g. Compliance with standards and policies/Operating Manual	10, 12	Item 8, Item 11, Item 14 and Item 16
h. Trademarks and proprietary information	13	Item 11, Item 13 and Item 14
i. Restrictions on products/services offered	12(A)(4)	Item 8 and Item 16
j. Warranty and customer service requirements	9(H), 12(E)	Not applicable
k. Territorial development and sales quotas	See Development Agreement	Item 12
l. Ongoing product/service purchases	12(A)(4)	Item 8
m. Maintenance, appearance and remodeling requirements	12(D)	Item 7, Item 8 and Item 11
n. Insurance	12(G)	Item 7 and Item 8
o. Advertising	9	Item 6 and Item 11
p. Indemnification	23	Item 6 and Item 12
q. Owner’s participation/management/staffing	12(F), 14(D)	Item 15
r. Records and reports	8	Item 6
s. Inspections and audits	8(D), 12(I)	Item 6 and Item 11

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
t. Transfer	15, 16	Item 6 and Item 17
u. Renewal	4(B)	Item 17
v. Post-termination obligations	20	Item 6 and Item 17
w. Non-competition covenants	18	Item 17
x. Dispute resolution	27	Item 17

## **ITEM 10 FINANCING**

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note, or other obligations.

## **ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING**

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

### Pre-opening Obligations

Before you open the Shop for business:

1. We will grant you a Site Selection Area or a Protected Area in which you may locate your Shop, and we will approve or refuse to approve the specific Shop site within 30 days of receiving all requested information. Before you select a site for your Shop, if you use our designated national tenant broker, we will provide you with certain site selection assistance as we deem appropriate. If we need to visit additional sites for Shops beyond one visit, then you must pay us for our site selection assistance at an hourly rate of \$300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker (Franchise Agreement, Section 5(A)).

2. We will provide you a list that describes or shows the standards for the fixtures and equipment that you must install in your Shop. We do not provide fixtures or equipment directly, nor do we deliver or install any fixture or equipment in your Shop, but we do require you to contract with a third party vendor who provides you with and installs fixtures and equipment for your Shop. (Franchise Agreement, Section 6(A)(1))

3. We will provide the designated architect and your general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Shop. (Franchise Agreement, Section 6(A)(2))

4. We reserve the right to conduct on-site inspections during the construction of your Shop as we deem appropriate, and we reserve the right to require you to pay or reimburse us our out-of-pocket expenses that we incur in conducting such on-site inspections, including costs of transportation, lodging, and meals. (Franchise Agreement, Section 12(I))

5. We will provide our Initial Training Program to up to two (2) individuals. The Initial Training Program will be provided at our corporate headquarters in New York, New York, a designated facility, or at the location of your Heyday Shop (Franchise Agreement, Section 11(A)).

6. We will provide the Shop Educator Training to your initial Shop Educator. Your Shop

Educator will, in turn, provide training to your estheticians. (Franchise Agreement, Section 11(E)).

7. We will provide you access to our Standard Operations Procedures Library (“Manual”). (Franchise Agreement, Section 10(A)). Our Manual contains 136 separate categories of documents and 29 videos regarding the operation of Heyday Shops. The list of types of documents and videos currently available to franchisees is attached to this disclosure document as Exhibit A.

### Continuing Obligations

During the operation of the Franchised Business:

1. We will loan you (or otherwise make available to you) one copy of our Manual, as amended from time to time (Franchise Agreement, Section 10). We may update the Manual from time to time and you will be obligated to comply with the most current copy of the Manual.

2. We may provide training courses at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify including franchise meetings (Franchise Agreement, Section 11(D)).

3. We may develop certain proprietary or branded products that will be prepared by or for us or our affiliates according to our proprietary designs (collectively “Proprietary Products”). We also have developed standards and specifications for other products, materials and supplies incorporated or used in providing services and the packaging and delivery of products authorized for sale at Heyday Shops (Section 12(A)(4)).

4. We will provide ongoing advice and consultation to you regarding the operation of your Heyday Shop through the Manual, bulletins or other written materials, electronic media, telephone, and in person. (Franchise Agreement, Section 11(F))

5. We may conduct reasonable inspections of your operations, marketing, safety systems and programs, financial systems, maintenance and necessary repairs of your Heyday Shop. (Franchise Agreement, Section 12(I)).

6. We will communicate information about our Approved Suppliers and Designated Suppliers to you. (Franchise, Agreement, Section 12(A)(4)).

7. We will administer the Brand Fund and Digital Marketing Program, and allocate funds for authorized purposes. (Franchise Agreement, Sections 9(C) and 9(E)).

### Grand Opening Plan

Before the Shop opens for business, we will agree on a budget (ranging from \$30,000 to \$50,000) and a marketing/public relations plan for your grand opening, including advertising (digital, print or news media), direct mail, or other promotional efforts. We will require you to deposit with us the amount that we agree upon. We may require minimum financial commitments with respect to each type of marketing media. We will determine the budget amount that you will spend by assessing advertising costs in your area and taking into account the time of year that you are opening. We will provide you with guidance for marketing your grand opening, and we will create the materials to support all grand opening efforts. You must conduct the marketing and public relations campaign according to the marketing plan and budget and the System Standards, within 30 days prior to opening and 30 days after opening. As part of this campaign, you may be required to retain a public relations firm, which we must approve.

## Brand Fund

We require you to contribute a percentage of your Net Sales (currently 2% and up to 3% of Net Sales) to a brand development fund ("Brand Fund") that we administer, as described below.

The Brand Fund is intended for the common benefit of the HEYDAY® system. We may use Brand Fund monies to pay for creative development services (including creation and modification of shop design and trade dress, products, services, logos, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, conducting customer surveys, focus groups, and marketing and compliance-related mystery shops and customer interviews); employing advertising and/or public relations agencies, developing, producing, distributing, and placing advertising (including, but not limited to, preparing and conducting media advertising campaigns in various media, local store advertising and promotion in a particular area or market, or for the benefit of a particular Shop or Shops in connection with opening promotions or otherwise, conducting and administering in-store promotions, preparing and executing direct mail advertising, and developing, producing, and purchasing point-of-sale advertising, and other sales aids and promotional items and materials); new product or service development and development of product packaging, developing, updating, maintaining, and hosting our website (including development of locator programs) and/or an Intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, gift certificates, loyalty card, and stored value card programs, and customized promotions, and the cost of product or service associated with the redemption of free coupons, gift certificates, loyalty cards, stored value cards and/or other customized promotions; developing and administering membership programs and other customer loyalty programs; providing and procuring public relations services; conducting public relations activities; charitable donations; membership fees in international, national, regional, and/or local trade or other associations or organizations. We also may use Brand Fund monies to reimburse ourselves for our costs of personnel and other administrative and overhead costs associated with providing the services described in this paragraph.

Although the Brand Fund will be intended to be perpetual, we may terminate the Brand Fund at any time. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to the contributors of the Brand Fund on the basis of their respective contributions. Any amounts paid to the Brand Fund that are not spent in the year they are collected will remain in the Brand Fund for future expenditures.

We will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Brand Fund monies, and the allocations of Brand Fund monies to production, placement, and other costs. We need not spend any Brand Fund monies for placement of advertising in your trade area, or to ensure that the Franchised Business benefits directly or pro rata from Brand Fund expenditures. We will not use Brand Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Brand Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Fund monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

We establish and adjust the amount of Brand Fund contributions on an annual basis, and anticipate that all franchisees will contribute to the Brand Fund at the same rate. Neither we, nor our affiliates, are contractually required to contribute to the Brand Fund. There is no requirement that the Brand Fund be audited.

Upon your reasonable request, we will provide to you an annual unaudited statement of Brand Fund

contributions and expenditures. We did not collect or expend any Brand Fund money during 2020.

You will be required to participate in all customer loyalty, customer feedback, or other promotional programs that we designate. We have sole discretion over any gift certificate, stored value card, loyalty card, voucher and/or customized promotional receipts programs for Heyday Shops. You will be required to participate in these programs and comply with any requirements we set for participation, including as to how we address the purchase and redemption of these cards among Shops for purposes of determining Net Sales at your Shop. You are required to follow all visual merchandise standards set forth by the brand, with no exceptions

#### Local Marketing Requirements.

After the first year anniversary of your Shop opening, you must spend the minimum amounts of your Shop's projected annual Net Sales that we specify, which will not exceed 3% of the Shop's projected annual Net Sales, on approved marketing materials and programs for the Shop. You must prepare, or collaborate with us to prepare, a written local marketing plan for the Local Marketing Requirement. (Franchise Agreement – Section 9(D)). We may require you to spend a substantial portion, or even most, of the Local Marketing Requirement during a specific, limited timeframe during the year (for example, over a number of weeks or a few months). We may determine which expenses count or do not count toward your Local Marketing Requirement. Generally, Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), and employee incentive programs do not count towards the Local Marketing Requirement. If you do not spend (or prove that you spent) the Local Marketing Requirement, we may, among other rights, require you to contribute the shortfall to the Brand Fund. At our request, you must pay us the Local Marketing Requirement, which we will then spend for you in your market for the materials and activities described above.

The marketing activities in which you engage will materially affect your Shop's success or lack of success. The Local Marketing Requirement might be insufficient for you to achieve your business objectives. Subject to the minimums above, you are responsible to determine how much to spend on Marketing Materials and other approved advertising, marketing, and promotional programs for the Shop in order to achieve your business objectives. While we require to spend the minimums described above, you may spend more if necessary to achieve your business objectives.

You are restricted from establishing a presence on, or marketing using, the Internet. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. All social media channels and review sites will be controlled by Heyday.

As of the Issuance Date, we require that you pay us the Digital Marketing Requirement of \$3,000 per month, beginning in the fourth (4) month after your Heyday Shop opens. After the one (1) year anniversary of the opening of your Heyday Shop, you will pay us \$1,500 per month for the Digital Marketing Requirement. We may thereafter increase the Digital Marketing Requirement upon written notice to you. We will charge an administrative fee of 6%-8% to manage and report the monthly performances of your digital marketing. Digital Marketing efforts will be isolated within your metropolitan statistical area. In the future, we reserve the right to require that the Digital Marketing Requirement funds be paid, in whole or in part, to any Approved Supplier that we designate.

If we believe that two or more Heyday Shops may benefit by pooling their advertising dollars, we may form or require you to form a local or regional advertising cooperative for this purpose. If an advertising cooperative is formed for the region in which your Shop is located, you must participate in the advertising cooperative. We have the exclusive right to create, dissolve, and merge advertising cooperatives, or require

you and other franchisees to do so. We will also have the exclusive right to create and amend their governing documents, or require you to do so. No advertising cooperative has yet been created and, therefore, no governing documents are available for your review. Governing documents will provide that any advertising cooperative created under authority of the Franchise Agreement: (1) will operate by majority vote, with each Heyday Shop (including our company and affiliate-owned Shops) entitled to one vote; (2) entitle us to cast one vote (in addition to any votes we may cast on account of company-affiliated Shops), (3) permit the members of the advertising cooperative, by majority vote, to determine the amount of required contributions, and (4) provide that any funds left in the advertising cooperative at the time of its dissolution be returned to the members in proportion to their contributions during the 12-month period immediately preceding dissolution. Amounts you pay to an advertising cooperative will count toward the Local Marketing Requirement but not toward the Grand Opening Plan or Brand Fund contributions.

We may, in our sole discretion, elect to form an advertising council for the benefit of the franchise system. As of the date of this disclosure document, there is no advertising council in effect for the franchise system.

### Computers, Point of Sale, Software, and Telephone Systems

You must acquire and use our required point of sale system and equipment ("Computer System"), and adhere to our requirements for use. Requirements may include, among other things, connection to remote servers, privacy/security hardware or software, off-site electronic repositories, and high-speed Internet connections. As technology or software is developed in the future, we may require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software. You must acquire, install and maintain all anti-virus and anti-spyware software, firewalls, security programs, and other security measures that we require, and must adopt and implement Internet user policies that we require to avoid, block and eliminate viruses and other conditions that interfere with operation of the Computer System.

You must purchase, license and use all designated and/or proprietary software programs, cloud managed networks, system documentation manuals, hardware, and other proprietary materials that we require, and input and maintain in your computer such data and information as we prescribe in the Manuals. You must purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all associated fees.

We estimate the cost of purchasing required computer hardware will range from \$18,000 to \$25,000. The initial installation of our third party scheduling and business management software is approximately \$200. Thereafter, you must pay directly to Boulevard (or our any other software provider we designate) a monthly license fee. Currently, the monthly license fee for Boulevard is approximately \$200 per month (which may be adjusted annually). Although we currently use the Boulevard system, we may change to an alternative provider or develop a proprietary system at any time upon written notice to you.

We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification, and database development. There are no contractual limitations to our right to access the information and data recorded by your system.

We will require you to install and maintain a hardware and software firewall device on your Computer System that follows closely to the Payment Card Industry (PCI) DSS merchant requirements as stated on the <http://www.pcisecuritystandards.org>.

Except as described above, neither we, our affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your computer system or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for your

computer hardware or software.

You may order internet service from your local internet service provider (ISP). We require you to obtain internet service with download speed of 10mb and upload speed of 3mb.

### Initial Training Program

We provide you an initial training program that covers material aspects of the operation of a franchised Heyday Shop. This initial training is in addition to the on-site opening assistance we provide to you. The topics covered are listed in the chart below.

The initial training program is offered in three phases. The initial online franchise training is made available within one (1) week of the signing of your agreement and is conducted online through personal video discussions or online recorded training sessions. The second phase is conducted at a corporate location in New York, New York, or Los Angeles, California within a reasonable time after you sign a Lease for your Shop, and generally no later than ten (10) weeks before the anticipated opening of your Heyday Shop. We will admit up to three (3) individuals to the second phase of our initial training program, including your Operating Partner. If you wish to have more than three people attend the second phase of our initial training program, you must pay the then current fee, which is currently \$2,500 per person. Your Operating Partner must complete the second phase of our initial training program to our satisfaction. The second phase also includes additional online courses to be taken prior to, or in conjunction, with the training in our corporate Shop. The third and final phase is conducted in your Shop during the week prior to your opening where we will solidify the training that has been conducted in the first two phases.

Initial training will be conducted by or under the executive supervision of Marcy Mancina, Collin Russell, and Shea Amiruddin. Ms. Mancina is our Vice President of Operations and has two (2) years' experience with us and sixteen (16) years relevant experience. Mr. Russell is our Director of Talent and Culture. Mr. Russell has three (3) years' experience with us and five (5) years of relevant experience. Ms. Amiruddin is our Director of Skincare Education. Mrs. Amiruddin has two (2) years' experience with us and nine (9) years of relevant experience.

Any replacement Operating Partner must satisfactorily complete our then-current initial training program.

We also may provide, and may require your Operating Partner to attend and successfully complete each year, up to four days of additional training. This additional training may be held at our headquarters or other place that we designate. It may include remedial and refresher courses, as well as instruction in new skincare techniques, business and management processes and techniques, and our System Standards and policies. We may charge a reasonable fee or tuition for this additional training and you are responsible for all training-related expenses, including travel, lodging, and dining expenses for these individuals and wages and salaries payable during training. Although only your Operating Partner is required to attend and complete such additional training, we will permit one additional employee to attend training with your Operating Partner.

## TRAINING PROGRAM

Subject <sup>(1)</sup>	Hours of Classroom Training	Hours of On-The-Job Training	Location <sup>(2)</sup>
History and Mission of Heyday	1	0	Online
Use of LMS Platform	0.5	0	Online
Site Selection	2	4	Online and Franchisee's Market
Pre-Opening Tasks, Timelines, and Lists Review	1	12	Online – Weekly Virtual Training
Development and Construction	2	12	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 Shop
Customer Service Procedures	2	2	Corporate Shop
Boulevard Training	6	6	Corporate Shop
Prospr Training	1	1	Corporate Shop
Esthetician Foundations Training	8	4	Corporate Shop
Scheduling	2	4	Corporate Shop
Labor Management	2	4	Corporate Shop
Communicating with Clients	4	4	Corporate Shop
Service Protocols	3	3	Corporate Shop
Customer Data Input	2	4	Corporate Shop
Selling Retail Products	2	4	Corporate Shop
Gift Card Training	1	2	Corporate Shop
Membership Training	2	4	Corporate Shop
Review Operations Reports	2	2	Corporate Shop
Inventory Management	2	4	Corporate Shop
Shop Cleaning and Maintenance	1	2	Corporate Shop
Marketing, Advertising, and Grand Opening Plan	4	2	Corporate Shop
Accounting: P&L and Invoices	1.5	0	Corporate Shop
Setting Your Goals	2	0	Corporate Shop
<b>TOTAL</b>	62.5 hours	84 hours	

### Shop Educator Training

In addition to the training you must complete, you are required to hire an experienced esthetician trainer as

your Shop Educator. Your Shop Educator should be hired no later than 12 weeks prior to opening. You shall send your Shop Educator to the nearest training Shop for Shop Educator training to last approximately two weeks. The esthetician that you hire will be trained upon proper facial techniques, product and tool utilization, and philosophies on proper training techniques to the estheticians that you hire for your Shop.

We will not charge a training fee for your initial Shop Educator training. However, should you replace the Shop Educator, the newly hired Shop Educator must attend our training and you will pay us \$3,000 per training session. Once selected, each Shop Educator will receive approximately 140 hours of training which should be conducted in one of our corporate Shops and in your local market Shop. Shop Educator training will include:

<b>Shop Educator Training Program</b>			
<b>Subject<sup>(1)</sup></b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location<sup>(2)</sup></b>
History and Mission of Heyday	1	0	Online
Use of LMS Platform	.5	0	Online
Tour of Shop	0	1	Corporate Shop
Training and Orientation of Team	2	0	Online
Boulevard Training	6	12	Corporate Shop
Prospr Training	1	2	Corporate Shop
Esthetician Foundations Training	8	40	Corporate Shop
Communicating with Clients	4	12	Corporate Shop
Data Input	2	4	Corporate Shop
Selling Retail Products	2	6	Corporate Shop
Membership Training	2	2	Corporate Shop
Train the Trainer Foundations	0	40	Local Shop
Friends and Family Training	0	16	Local Shop
<b>TOTAL</b>	28.5 hours	135 hours	

### Esthetician Training

Each of your estheticians must comply with our new and continuing education requirements, as they may be revised from time to time. Before an esthetician is “floor ready”, they must complete the necessary digital and practical training with your Shop Educator. All estheticians that you hire will be required to review online training that incorporates our Heyday foundations training. This training will be approximately 10-12 hours. Based upon your esthetician’s experience, a new graduate of esthetician school may have to commit to 70-80 hours of training with your Shop Educator. An experienced esthetician may only need to commit 30-40 hours of training with your Shop Educator. They will be required to pass the technical training assessment and the Heyday Online Sessions prior to being floor approved. Your Shop Educator must conduct training that will cover all the esthetician basics including the history of Heyday, its values, product knowledge, customer experience standards, and the technical skills to provide all services in our then current service offerings. Your goal before your grand opening should be to hire and train a minimum of two estheticians for every room that will be present in your Shop.

You will be required to identify an off-site training facility. This training should take place four to six weeks prior to your opening and continuing until your contractor has turned over your Shop. Additional training must take place in the Shop once it is handed over, starting no later than 7 days prior to scheduled opening. If the handover date is pushed back to less than 7 days prior to opening, the store opening date must be moved to accommodate in Shop training. You are responsible for all costs and expenses of the pre-opening training of your estheticians and in complying with our continuing education requirements including tuition and registration costs, and salary, travel, lodging, and dining costs for all of your employees who participate in the training.

We anticipate that you will open your Shop within 9 to 18 months after you sign the Franchise Agreement. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a location which we will accept, for the landlord to deliver the space in accordance with the Landlord work letter, to obtain any financing you need, to obtain required licenses, permits, and governmental agency approvals, to fulfill local ordinance requirements, to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs, and to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors. If you fail to open the Shop for business by the anniversary date of the Franchise Agreement, we can terminate the Franchise Agreement.

## **ITEM 12 TERRITORY**

You will operate the Shop at a location that we have approved, and may relocate the Shop only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Shop premises is destroyed or materially damaged by fire, flood, or other natural catastrophe, and you are not in default of the Franchise Agreement or any other agreement with us or our affiliates. You must reimburse us all out-of-pocket expenses that we incur in connection with the relocation or your Shop.

When you sign the Franchise Agreement, we will agree on a "Site Selection Area" within which you may locate the Shop. We have engaged a national tenant broker to provide advisory and site selection services to assist us with the expansion plans for Heyday's company affiliated Shops. The tenant representative provides advisory services in which they analyze past and current sales of all Heyday Shop locations, Shop size, co-tenancy, demographics, psychographics, and competition. As a result of this analysis they have identified possible factors to help us locate future sites. We recommend that you utilize the services of this tenant-representative to help you identify sites and assist you in the negotiations of the letter of intent. It is anticipated that the landlord will pay our tenant representative a brokerage commission for the services they provide to you. On the rare occasion that a landlord will not pay a commission, you will be obligated to pay the tenant broker \$25,000 as a success fee for the signing of the lease.

If you use our designated national tenant broker, we will provide you with certain site selection assistance as we deem appropriate, and also visit the market to review the proposed sites for your Shop at no extra cost. If we need to visit additional sites for Shops beyond the first visit, then you must pay us for our site selection assistance at an hourly rate of \$300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker. We estimate the site assistance payments per additional visit would be approximately \$5,000 (including \$1,500 to \$2,000 to be retained to us). If you do not use our designated national tenant broker, we will still provide you with certain site selection assistance as we deem appropriate and also visit one proposed site for your Shop at no extra cost. If we need to visit additional sites for Shops beyond the first visit, then you must pay us for our site selection assistance at an hourly rate of \$300 and also pay or reimburse us the out-of-pocket expenses that

we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker. We estimate the site assistance payments per additional visit would be approximately \$5,000 (including \$1,500 to \$2,000 to be retained to us). These site assistance expenses are separate from, and in addition to, the other fees and amounts you will pay under the Franchise Agreement.

If you fail to acquire an acceptable site by this date, you will be in default and we may terminate the Franchise Agreement.

For each proposed site that you or the national tenant broker identifies, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location, neighborhood, surrounding tenants, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

When the Shop location is identified, the location will be identified in Attachment B to the Franchise Agreement. Your Protected Area will be determined by us after you execute a lease for the Shop, which will be identified on a map attached to Attachment B. The actual boundaries of the Protected Area will be determined based on a number of factors, which may vary from one location to the next, but a minimum Protected Area will contain a population (include daytime workforce and residential) of approximately 25,000 persons. We expect your Protected Area will range from a one (1) block radius surrounding the Shop (in a dense urban area such as New York City) to a radius of 2 miles surrounding the Shop (in a more suburban area).

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control, including the Internet, and we have no obligation to pay you any compensation for soliciting or accepting orders inside your Protected Area.

We reserve the right to: (1) operate (and license others to operate) any type of business other than a Heyday Shop branded business at any location inside or outside the Protected Area; (2) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from Heyday Shops, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the Internet or similar electronic media) both inside and outside the Protected Area; (3) operate (and license others to operate) Heyday Shops located anywhere outside the Protected Area regardless of proximity to your Heyday Shop; (4) acquire the assets and/or ownership interests of one or more competing businesses (“Competing Businesses”) and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area); (5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Area; (6) create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Area; and (7) open or allow others to open Heyday Shops in Special Locations inside or outside the Site Selection Area, Development Area and/or Protected Area.

For purposes of this Disclosure Document, Franchise Agreement and Development Agreement, a “**Special Location**” means an airport, train station, bus terminal, hotel, college, university, hospital, military base, casino, or stadium, as designated by us.

We are not required to pay any compensation for soliciting or accepting orders for products and services identified by the Proprietary Marks as described above in your Protected Area. Our estheticians and estheticians employed by or affiliated with other franchisees may perform skincare services anywhere, at a customer's request, including inside your Protected Area. Neither we nor any franchisee is required to compensate you on account of services performed in your Protected Area.

We may enter into agreements with retailers to offer and sell Private Label Products in their retail stores, and may enter into agreements with internet and media companies that may offer and sell our Private Label Products via internet websites and television programs. These companies may have retail locations in your Protected Area and/or sell and deliver Private Label Products to customers in your Protected Area.

Except for the rights granted in a Development Rights Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop additional Shops, you must enter into a new Franchise Agreement and meet all our current requirements for franchisees. There are no circumstances that permit us to modify your Protected Area, nor do we require that you meet a minimum sales quota to maintain your Protected Area.

#### Development Rights Agreement

We may enter into a Development Rights Agreement with you granting you the right to develop, open and operate an agreed upon number of Heyday Shops in a defined geographic area referred to as the "Development Area" on or before the Development Deadlines included in the Development Rights Agreement. You may, but are not obligated to sign a Development Rights Agreement. If we enter into a Development Rights Agreement, you and we will agree to a Development Schedule that outlines the dates by which each of those additional Heyday Shops must be opened. (See Exhibit D). If you sign a Development Rights Agreement, you will be required to sign the Franchisor's then current form of Franchise Agreement when you sign subsequent franchise agreements pursuant to the Development Rights Agreement.

If you are complying with all of the terms of the Development Rights Agreement and you and your affiliates are complying with all obligations under all Franchise Agreements, during the term of the Development Rights Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a Heyday Shop the physical premises of which are located within the Development Area except for: (a) franchises we grant you and your approved Affiliated Entities; (b) Heyday Shops that are located at non-traditional locations such as department stores, hotels, residential buildings, private clubs, corporate campuses and other venues to which the general public customarily has limited access ("Non-Traditional Locations"). We will not alter the Development Area attached as Exhibit A to the Development Rights Agreement. We will approve sites for additional Shops under the Development Rights Agreement using our then-current site criteria.

We (and any affiliates that we might have from time to time) have the right to engage in any activities we or they deem appropriate that are not expressly prohibited by the Development Rights Agreement, including but not limited to, the right to sell our product lines, both branded or otherwise, through wholesale channels, including on-line, and other channels of distribution, within or outside of the Development Areas.

Upon expiration or termination of the Development Rights Agreement (which includes our right to terminate the Development Rights Agreement as a result of your failure to satisfy your obligations under the development schedule or any other obligation under the Development Rights Agreement), we (and our affiliates) may operate, and authorize any other parties to operate Heyday Shops, the physical premises of which are located within the Development Areas and engage, and allow others to engage, within and outside

the Development Area without any restrictions, subject only to your (or your Affiliated Entity's) rights under existing franchise agreements with us (which includes any Protected Areas).

### ITEM 13 TRADEMARKS

a. Our affiliate, Heyday Wellness, has registered the following marks on the Principal Register of the U.S. Patent and Trademark Office for the following Marks.

Word Mark	Reg. Number	Date of Registration	International Class(es)
HEYDAY	4805229	September 1, 2015	044
FACE LIFE FRESH	4865627	December 8, 2015	044

Our affiliate Heyday Wellness has applied for registration of the following Marks on the Principal Register of the U.S. Patent and Trademark office.

Word Mark	Serial Number	Date of Application	International Class(es)
HEYDAY	90239384	October 7, 2020	003, 021, 025

Heyday Wellness owns and has granted us the right to use these Marks in connection with the franchising of Heyday Shops and the operation of company-affiliated Shops. Our agreement with Heyday Wellness is perpetual unless otherwise terminated by mutual agreement. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court. There are no directly infringing uses actually known to us that could materially affect your use of the Marks, however, we have not conducted an exhaustive search of users of names which may be the same or similar to our marks.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "TM", or "sm", as appropriate. You may use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks, or our right to use or to sublicense the use of the Marks. You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaining website or social networking website (such as FACEBOOK, INSTAGRAM, PINTEREST, or TWITTER) or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works, or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not

obligated, to take action against third parties for infringement of our Marks or Copyrighted Works. In the event of a lawsuit relating to your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to the action. Unless the action is the result of your use of the Marks or Copyright Works in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your associated costs.

We have the right to create new, modified or replacement Marks, and to require you to use them in addition to or in lieu of any previously designated Marks.

#### **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manual, the design elements of our Marks, our Shop design, our product packaging, advertising and promotional materials, and the content and design of our website (the "Copyrighted Works").

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites (such as FACEBOOK, INSTAGRAM, PINTEREST, or TWITTER).

You and your employees must maintain the confidentiality of all information contained in the Manuals and other information that we consider confidential, proprietary, or trade secret information. "Confidential Information" means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; and standards and specifications for services and products offered; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, any training we provide, and all other information that we designate. You must implement any reasonable procedures we may adopt to protect our Confidential Information including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-disclosure and non-competition provisions.

You may not contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Shop, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

If the franchisee is a business entity, an individual owner with at least a 20% equity interest (or other participation stake acceptable to us) in the franchisee ("Operating Partner") must oversee the day-to-day operations of your first Shop and devotes his or her full time energy and best efforts towards the

management, operation, promotion, and growth of the business.

The Operating Partner must successfully complete our initial training program, and may not engage in any other business or activity that requires substantial management responsibility or time commitment. If your Operating Partner ceases to serve in, or no longer qualifies for, the position, you must designate a new Operating Partner within 30 days. Each replacement Operating Partner must successfully complete our initial training program before assuming responsibility.

If the franchisee is a business entity, each Owner identified in Attachment C to the Franchise Agreement must sign a Limited Personal Guaranty and Undertaking substantially in the form attached as Attachment D-1 to the Franchise Agreement; although with regard to minority partners who do not actively participate in the operation of the franchise business we may, in our sole discretion, waive this guaranty requirement. Any individual, who attends our initial training program, including your Operating Partner, must sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement.

The term "Owner" means each individual or entity holding a direct or indirect beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Except as described below, you must offer and sell all products, services, and membership programs that we require, and only the products and services that we have approved. We may add, eliminate and change products and service items periodically, and you must comply with all directives (which may require purchasing and installing additional equipment). There are no limits on our right to make changes. We may, on occasion, require you to test market products and/or services at your Shop. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations that we establish.

We may periodically develop and implement membership programs for the HEYDAY® franchise system. Participation in such membership programs may include accepting new customers and providing customer services according to pre-paid terms that we establish or that may have been established by another HEYDAY® franchisee. Participation also may include invoicing us or another franchisee for services performed for customer-members of a different Heyday Shop. You must fully participate in all such membership programs according to our System Standards. All sales must be for retail consumption only and you may not engage in wholesale sales of any kind through any channels of distribution without our prior consent. You may not sell Private Label Products through any means of distribution other than from the Shop unless we expressly authorize in writing. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law. We do not limit the customers to whom you can offer services.

#### **ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	4(A)	Begins on the date the Franchise Agreement is signed and ends 10 years after you open the Shop.
b. Renewal or extension of the term	4(B)	If you are in good standing, you can renew for two additional consecutive 5-year terms.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	4(B)	<p>You must give us written notice of your election to remain a franchisee at the Heyday Shop not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term; You must pay us a Successor Franchise Fee equal to the greater of 25% of the then current initial franchise fee or \$12,500 (the "Successor Franchise Fee"); Neither you nor any of your affiliates are in default under the Franchise Agreement or any other agreements with us or our affiliates; You must have the right to remain in possession of the Premises (or, another location acceptable to us) for the Successor Term; You must renovate and update your Heyday Shop to reflect the then-current image of Heyday Shops; You must correct any existing deficiencies of your Heyday Shop or in your operation of your Heyday Shop and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your managerial and training personnel and/or your staff (which may involve the payment of training fees); You must sign, and your owners and all guarantors of your obligations under the Franchise Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and You, and your owners and guarantors of your obligations under the Franchise Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit F to the FDD) releasing any and all claims against us, and our affiliates, owners, officers, directors, agents and employees.</p>
d. Termination by franchisee	N/A	

Provision	Section in Franchise Agreement	Summary
e. Termination by franchisor without cause	N/A	Not applicable
f. Termination by franchisor with cause	19(A), 19(B)	We can only terminate the Franchise Agreement if you are in default of the Franchise Agreement.
g. "Cause" defined— curable defaults	19(B)	<p>Except for those items listed in Sections 19(A) or 19(B)(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us.</p> <p>If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the Inspection report for the prior Inspection), we may terminate the Franchise Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.</p>
h. "Cause" defined — non-curable defaults		<p>You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section 6(B) within 18 months of the Effective Date of the Franchise Agreement;</p> <p>you do not open your Heyday Shop within the time period prescribed in Section 6(B);</p> <p>you abandon or fail actively to operate your Heyday Shop for a period of three (3) or more consecutive days, unless you close your Heyday Shop for a purpose we approve in writing or because of Force Majeure, as defined in Section 25(C);</p> <p>you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Heyday Shop is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the</p>

Provision	Section in Franchise Agreement	Summary
		<p>attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Heyday Shop is not vacated within 30 days following the order's entry;</p> <p>there is a material breach by you of any covenant or obligation set forth in Section 18;</p> <p>any Transfer that requires our prior written consent occurs without your having obtained that prior written consent;</p> <p>we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you;</p> <p>you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us;</p> <p>if an incident occurs at your Heyday Shop that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee;</p> <p>we make a reasonable determination that continued operation of your Heyday Shop by you will result in an imminent danger to public health or safety;</p> <p>you lose the right to occupy the Premises;</p> <p>you, the Operating Principal, your Business Manager or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our affiliates, the goodwill associated with the Marks, or the System;</p> <p>you, or your Operating Principal, your Business Manager and/or any management</p>

Provision	Section in Franchise Agreement	Summary
		<p>personnel of your Heyday Shop do not satisfactorily complete the initial training program (after we provide a second opportunity as provided in Section 11(A)(2));</p> <p>your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your Heyday Shop; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your Heyday Shop; or (d) fail to pay when due any taxes or assessments relating to your Heyday Shop or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;</p> <p>you interfere with our relations with other franchisees, third parties and/or negatively impact our ability to operate and/or grant franchises under our System;</p> <p>you materially breach any representation or warranty set forth in Section 30;</p> <p>You fail to maintain all insurance policies required by Section 12(G) of the Franchise Agreement and/or you allow or communicate your intent to allow any policy of insurance required by the Franchise Agreement to expire, lapse,</p>

Provision	Section in Franchise Agreement	Summary
		<p>cancel or terminate; or</p> <p>If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.</p>
<p>i. Franchisee’s obligations on termination/nonrenewal</p>	<p>20</p>	<p>The rights granted to you in the Protected Area will terminate, and we will have the right to operate, or license others to operate, Heyday Shops anywhere in the Protected Area;</p> <p>You and your owners must continue to abide by the covenants in Section 18;</p> <p>Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us and our affiliates all sums due and owing to us and our affiliates;</p> <p>You must discontinue all use of the Marks in connection with your Heyday Shop and of any and all items bearing the Marks; remove the Marks from your Heyday Shop and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your Heyday Shop; cancel all advertising for your Heyday Shop that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your Heyday Shop that contain any Marks. You must comply with this Section 20(A). before any items bearing the Marks are offered for sale or auction by you or your Franchisors or lienholders;</p> <p>You must cease using any of our Confidential Information (including the Shop Systems or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Shop Systems, your client list, your telephone numbers, your email addresses, your social media pages, all</p>

Provision	Section in Franchise Agreement	Summary
		<p>copies of the Manual, and any other confidential materials that we have loaned you;</p> <p>Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Heyday Shop that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from Heyday Shop;</p> <p>You agree to promptly notify social media platforms, and internet service providers of the termination or expiration of your right to use any URLs and domain names, or other numbers, names associated with any Mark; to authorize the transfer of these listings to us or to a third party, at our direction; and/or to instruct the domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to names, numbers or addresses we specify; and</p> <p>If we do not have or do not exercise an option to purchase the Assets of Heyday Shop under Section 21 below, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish your Heyday Shop clearly from its former appearance and from other Heyday Shops in order to prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.</p>
j. Assignment of contract by franchisor	15	There are no restrictions on our right to assign our rights under the Franchise Agreement or Development Rights Agreement.
k. "Transfer" by franchisee—definition	16(A)	Any attempt by franchisee or its owners to sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, this Agreement, the

Provision	Section in Franchise Agreement	Summary
		Franchise, the Heyday Shop, the Assets of your Heyday Shop, the Premises, the Lease or any other assets pertaining to operations under the Franchise Agreement
l. Franchisor's approval of transfer by franchisee	16(B)	Transfers require our prior written consent.
m. Conditions for franchisor's approval of transfer	16(B)	you must be in compliance with the Franchise Agreement and all other agreements with us or our affiliates; you must advise us in writing of any proposed Transfer; you must pay a Transfer Fee; the proposed transferee must meet our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your Heyday Shop; you must have paid all amounts owed to us, our affiliates, and third party vendors and suppliers; neither the proposed transferee nor its owners or affiliates may have an ownership interest (direct or indirect) in or perform services for a Competing Business; the proposed transferee (or its Operating Principal) must satisfactorily complete our initial training program (and any other required training programs we require); the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises; you have corrected any existing deficiencies of your Heyday Shop of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your Heyday Shop in accordance with our then current requirements and specifications for Heyday Shops within the time period we specify following the effective date of the Transfer; if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Heyday Shop are subordinate to the transferee's obligation to pay Royalties, Brand Fund contributions, and other amounts due to us, our affiliates, and third party suppliers and vendors and otherwise to comply with the Franchise Agreement; you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims

Provision	Section in Franchise Agreement	Summary
		<p>against us and our affiliates, officers, directors, employees, and agents; and you must modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed Transfer; you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete Exhibit 4 as required by Section 14(B). and all individuals who hold or will hold an ownership interest in Franchisee of more than 5% must sign the guaranty attached as Exhibit 5; the proposed transferee must sign our then-current license agreements or service agreements related to the Shop Systems; you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer; if the franchise candidate for the Transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	16(G)	We have the right to match any offer for your business.
o. Franchisor's option to purchase franchisee's business	21	Upon expiration or termination of your Franchise Agreement, we have the option to purchase some or all of your equipment, furnishings and fixtures. The purchase price for signs and equipment shall equal their net book value (cost, less depreciation) or fair market value, whichever is lower, the purchase price for useable inventory shall equal to its invoiced cost to Franchisee, and the purchase price for the premises shall be

Provision	Section in Franchise Agreement	Summary
		fair market value. Fair market value is determined by 2 appraisers, with each party selecting 1 appraiser, and the average of their determinations constituting the binding market value.
p. Death or disability of franchisee	16(D)	Same requirements for a Transfer in “m” above, except there is no transfer fee and we do not have a right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	18(B)	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any retail establishment providing skincare services (including facials) at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks, no diversion of any present or prospective customer of ours to a competitor, no solicitation of ours or any of our Affiliate’s management employees.
r. Non-competition covenants after the franchise is terminated or expires	18(B)	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any retail establishment providing skincare services (including facials) at your former Shop location, or within a five-mile radius of your former Shop location, or within a five-mile radius of any other Heyday Shop location for a period of two years following expiration, termination or transfer (subject to applicable state law).
s. Modification of the agreement	26	Must be in writing and signed by all parties.
t. Integration/merger clause	24	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to federal and state law). Any representations or promises outside the Disclosure Document and Franchise

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	27	Agreement may not be enforceable. Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information (subject to applicable state law)..
v. Choice of forum	27(C)	Mediation at the AAA offices in New York, New York. Venue for any other proceeding is the courts in New York, New York (subject to applicable state law).
w. Choice of law	27(B)	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Delaware law (without giving effect to any conflict of law) except that (1) your covenants not to complete will be interpreted and construed under the law in which your Shop is located, and (2) any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently (subject to applicable state law)..

**ITEM 18 PUBLIC FIGURES**

We do not currently use any public figures to promote the franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

### MONTHLY NET SALES FOR NINE (9) COMPANY OWNED SHOPS IN EACH SHOP'S FIRST 12 MONTHS OF OPERATION

The below table reflects the monthly Net Sales for nine (9) Company-Owned Shops during each Shop's first 12 months of operations beginning with the first day of the first full month when the Shop opened and continuing for twelve consecutive months (ex: if a Shop opened on July 9th, the period will reflect amounts from August to July of the following year). The table includes information on six (6) Shops in New York, two (2) Shops in California, and one (1) Shop in Pennsylvania. It excludes one (1) non-traditional Shop that opened inside a Nordstrom Department Store in New York in 2019 and one (1) Shop that opened in 2020 in California. Each Shop included in the table offered similar products and services during its first year of operation as would generally be offered by a typical Heyday Shop described in this disclosure document.

Shop	Chairs	Opened	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Sales
Shop One	8	June 2015	\$79,393	\$91,530	\$87,007	\$107,555	\$116,972	\$127,712	\$118,350	\$137,687	\$188,016	\$179,400	\$205,656	\$191,297	\$1,630,575
Shop Two	7	August 2016	\$124,003	\$152,115	\$142,262	\$156,290	\$147,736	\$151,228	\$153,448	\$147,798	\$151,773	\$157,283	\$146,851	\$154,741	\$1,785,528
Shop Three	14	March 2017	\$128,637	\$131,747	\$145,376	\$132,020	\$139,760	\$142,755	\$144,733	\$158,931	\$149,152	\$141,686	\$141,253	\$156,637	\$1,712,687
Shop Four	9	September 2017	\$82,349	\$81,175	\$79,823	\$77,090	\$92,861	\$101,169	\$106,348	\$115,549	\$110,647	\$108,040	\$116,342	\$114,384	\$1,185,777
Shop Five	9	November 2017	\$112,580	\$114,452	\$143,017	\$148,573	\$161,738	\$174,460	\$174,873	\$182,831	\$181,259	\$173,847	\$187,397	\$183,769	\$1,938,796
Shop Six	11	July 2018	\$58,873	\$67,120	\$66,238	\$74,326	\$104,393	\$109,784	\$124,140	\$168,264	\$140,613	\$163,873	\$142,907	\$143,020	\$1,363,551
Shop Seven	12	April 2019	\$66,254	\$66,577	\$64,009	\$79,539	\$81,289	\$78,550	\$93,767	\$93,117	\$93,268	\$102,245	\$54,035	*	\$872,650
Shop Eight	10	August 2019	\$160,141	\$152,831	\$184,128	\$58,630	\$79,786	\$198,020	\$105,173	*	*	*	*	*	\$938,709
Shop Nine	11	October 2019	\$90,785	\$103,157	\$99,138	\$106,164	\$63,421	*	*	*	*	*	*	*	\$462,665

**Notes**

- (1) The “Chairs” column represents the number of chairs in a particular Shop from which facial services are provided.
- (2) All of our Shops closed on March 13, 2020 as a direct result of government orders surrounding the COVID-19 pandemic. Net Sales for the last represented month for Shop 7, Shop 8, and Shop 9 reflect only partial monthly Net Sales because each of the closure of these locations.
- (3) Shop Seven was closed permanently on November 2020 because we were unable to achieve rent concessions with the landlord and we were able to sublease the space without any future lease liability.
- (4) Shop Eight was closed for a month across its Months 4 & 5 due to a water pipe break that required a rebuild of that location before it could be functional again.
- (5) **These Heyday Shops generated the above results. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

**PROFIT AND LOSS STATEMENT FOR SIX (6) MATURE COMPANY-OWNED SHOPS IN  
THEIR FIRST TWENTY-FOUR FULL MONTHS OF OPERATIONS**

The below table reflects unaudited Net Sales, Expenses, Shop Size, and EBITDA for six (6) mature Affiliate owned Shops for their first 24 months of operations. Each of the Shops included in this financial performance representation was opened prior to July 2018 and has seven or more chairs. Five (5) of the included Shops are in New York and one (1) included Shop is in California. This financial performance representation excludes one (1) non-traditional Shop located inside a Nordstrom's department store, three (3) Shops that opened in 2019, and one (1) Shop that opened in 2020. Each Shop included in the table offered similar products and services as would generally be offered by a typical Heyday Shop described in this disclosure document during the last fiscal year.

**Profit and Loss Statement for Months 1-12**

	Shop One	Shop Two	Shop Three	Shop Four	Shop Five	Shop Six	Average	Median	High	Low
No. of Chairs	8	7	14	9	9	11	10	9	14	7
SQ. FT. OF SHOP	1,500	1,300	1,908	2,100	1,284	2,249	1,724	1,704	2,249	1,284
# OF SERVICES PERFORMED	12,380	13,939	13,639	10,427	16,965	12,660	13,335	13,150	16,965	10,427
REVENUE										
Service Revenue	\$1,193,758	\$1,331,730	\$1,284,928	\$944,240	\$1,502,554	\$1,165,614	\$1,237,137	\$1,239,343	\$1,502,554	\$944,240
Product Revenue	\$466,674	\$480,313	\$453,778	\$272,801	\$494,477	\$331,262	\$416,551	\$460,226	\$494,477	\$272,801
Discounts	-\$29,856	-\$26,515	-\$26,019	-\$31,264	-\$58,235	-\$133,325	-\$50,869	-\$30,560	-\$26,019	-\$133,325
Net Revenue	\$1,630,575	\$1,785,528	\$1,712,687	\$1,185,777	\$1,938,796	\$1,363,551	\$1,602,819	\$1,669,009	\$1,971,012	\$1,083,716
EXPENSES										
Service Labor	\$513,236	\$570,833	\$652,109	\$488,852	\$703,343	\$460,780	\$564,859	\$542,035	\$703,343	\$460,780
COGS - Retail & Back bar	\$328,775	\$350,965	\$297,099	\$217,133	\$379,234	\$239,541	\$302,125	\$312,937	\$379,234	\$217,133
Host & Manager Labor	\$160,291	\$238,318	\$207,546	\$166,411	\$194,928	\$212,662	\$196,693	\$201,237	\$238,318	\$160,291
Operating Expenses	\$193,454	\$210,452	\$183,970	\$141,661	\$140,106	\$368,542	\$206,364	\$188,712	\$368,542	\$140,106
Rent	\$252,000	\$173,954	\$321,032	\$290,875	\$357,159	\$132,750	\$254,628	\$271,438	\$357,159	\$132,750
EBITDA	\$182,819	\$241,006	\$50,931	-\$119,155	\$164,026	-\$50,724	\$78,151	\$152,651	\$182,819	-\$119,155
Rent Per Sq. Ft	\$168	\$134	\$168	\$139	\$278	\$59	\$158	\$153	\$278	\$59
Revenue Per Sq. Ft	\$1,087	\$1,373	\$898	\$565	\$1,510	\$606	\$1,007	\$992	\$1,510	\$565

	Shop One	Shop Two	Shop Three	Shop Four	Shop Five	Shop Six	Average	Median	High	Low
Utilization	53%	67%	51%	56%	59%	48%	56%	55%	67%	48%
Royalties (7%)	\$114,140	\$124,987	\$119,888	\$83,004	\$135,716	\$95,449	\$112,197	\$116,831	\$137,971	\$75,860
Brand Fund (2%)	\$32,612	\$35,711	\$34,254	\$23,716	\$38,776	\$27,271	\$32,056	\$33,380	\$39,420	\$21,674

**Profit and Loss Statement for Months 13-24**

	Shop One	Shop Two	Shop Three	Shop Four	Shop Five	Average	Median	High	Low
Chairs	8	7	14	9	9	10	9	14	7
SQ. FT. OF SHOP	1,500	1,300	1,908	2,100	1,284	1,724	1,704	2,249	1,284
# OF SERVICES PERFORMED	18,688	13,918	17,631	15,467	20,161	17,173	17,631	20,161	13,918
REVENUE									
Service Sales	\$1,994,133	\$1,427,813	\$1,713,037	\$1,480,698	\$1,891,366	\$1,701,409	\$1,713,037	\$1,994,133	\$1,427,813
Product Sales	\$798,484	\$422,225	\$572,910	\$384,905	\$609,739	\$557,653	\$572,910	\$798,484	\$384,905
Discounts	-\$54,122	-\$38,916	-\$69,603	-\$73,498	-\$98,927	-\$67,013	-\$69,603	-\$38,916	-\$98,927
Net Sales	\$2,738,495	\$1,811,122	\$2,216,344	\$1,792,105	\$2,402,178	\$2,192,049	\$2,216,344	\$2,738,495	\$1,792,105
EXPENSES									
Service Labor	\$700,744	\$574,968	\$727,763	\$457,768	\$525,348	\$597,318	\$574,968	\$727,763	\$457,768
COGS - Retail & Back bar	\$533,364	\$280,337	\$454,399	\$336,408	\$433,103	\$407,522	\$433,103	\$533,364	\$280,337
Host & Manager Labor	\$248,861	\$174,794	\$219,961	\$212,208	\$234,119	\$217,989	\$219,961	\$248,861	\$174,794
Operating Expenses	\$288,570	\$211,120	\$364,858	\$456,474	\$560,986	\$376,402	\$364,858	\$560,986	\$211,120
Rent	\$256,180	\$145,835	\$412,753	\$236,302	\$396,800	\$289,574	\$256,180	\$412,753	\$145,835
EBITDA	\$710,776	\$424,068	\$36,610	\$92,945	\$251,822	\$303,244	\$251,822	\$710,776	\$36,610
Rent Per Sq. Ft	\$171	\$112	\$216	\$113	\$309	\$184	\$171	\$309	\$112
Revenue Per Sq. Ft	\$1,826	\$1,393	\$1,162	\$853	\$1,871	\$1,421	\$1,393	\$1,871	\$853
Utilization	74%	63%	53%	57%	61%	62%	61%	74%	53%
Royalties (7%)	\$191,695	\$126,779	\$155,144	\$125,447	\$168,152	\$153,443	\$155,144	\$191,695	\$125,447
Brand Fund (2%)	\$54,770	\$36,222	\$44,327	\$35,842	\$48,044	\$43,841	\$44,327	\$54,770	\$35,842

## Notes

- (1) “Service Sales” includes revenue generated from membership fees, providing facials and enhancements, and cancellation fees.
- (2) “Product Sales” is recognized at the time of sale. Product Revenue reflects the gross sales amount before discounts and returns.
- (3) “Net Sales” is the sum total of the Service Sales and Product Sales but subtracting discounts, credits, and refunds.
- (4) “Service Labor” include wages paid to estheticians (ranges from \$18 an hour to \$30 an hour at existing locations), bonuses, overtime, and payroll taxes actually paid to or on behalf of estheticians and the cost of laundry and wages paid for laundering services. It excludes sales commissions and training costs incurred prior to the Shop opening.
- (5) “COGS – Retail & Back bar” include products and tools used in delivering Service Sales and Product Sales. The markup on retail products at existing locations is typically one hundred percent of COGS.
- (6) “Host & Manager Labor” includes manager salaries and front desk support staff. It also includes sales commissions, bonuses, overtime, and payroll taxes. Training costs incurred prior to the Shop opening are not included.
- (7) “Operating Expenses” include supplies, cleaning & decor, technology costs, subscriptions and licenses for music, local store marketing, postage, repairs & maintenance, utilities, insurance, professional fees, merchant service fees, bank fees, licenses, and permits.
- (8) “Rent” includes occupancy costs (including base rent, taxes, insurance, and common area maintenance costs).
- (9) These Affiliate owned locations do not pay Royalty Fees or Brand Fund contributions. We have included estimated Royalty Fees and Brand Fund Contributions but have not included them in calculating EBITDA for each Shop.
- (10) Debt service, depreciation, amortization, and federal and state taxes are not included in this financial performance representation.
- (11) Shop Six does not have 24 months of sales and is therefore not reflected in the second chart.
- (12) **These Heyday Shops generated the above results. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

**NET SALES FOR 2019 AND 2020 AT EIGHT (8) COMPANY OWNED SHOPS  
LOCATED IN NEW YORK, CALIFORNIA, AND PENNSYLVANIA**

The table below reflects Net Sales at eight (8) Company-Owned Shops for calendar years 2019 and 2020. The table includes Net Sales information for six (6) Shops in New York, two (2) Shops in California, and one (1) Shop in Pennsylvania. It excludes one (1) non-traditional Shop that opened inside a Nordstrom Department Store in New York in October 2019, one (1) Shop that opened in 2020 in California., and one (1) Shop that permanently closed in California in November of 2020. Each Shop included in the financial performance representation offered similar products and services in 2019 and 2020 as would generally be offered by a typical Heyday Shop offered pursuant to this disclosure document.

Shop	Month/Yr. Opened	January		February		March		April		May		June		July	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Shop One	Jun-15	\$231,919	\$213,557	\$221,634	\$218,184	\$254,047	\$115,968	\$227,743	\$0	\$254,225	\$0	\$266,660	\$0	\$228,723	\$0
Shop Two	Aug-16	\$159,337	\$148,942	\$158,978	\$164,623	\$168,562	\$85,658	\$160,522	\$0	\$154,787	\$0	\$179,142	\$0	\$159,823	\$0
Shop Three	Mar-17	\$195,854	\$217,826	\$201,181	\$174,904	\$238,133	\$85,093	\$186,707	\$0	\$227,953	\$0	\$242,616	\$0	\$205,955	\$0
Shop Four	Sep-17	\$148,423	\$162,867	\$145,584	\$172,424	\$170,035	\$92,915	\$147,934	\$0	\$156,184	\$0	\$177,848	\$0	\$155,247	\$0
Shop Five	Nov-17	\$196,500	\$199,640	\$183,538	\$195,911	\$213,814	\$112,871	\$192,433	\$0	\$190,910	\$0	\$212,298	\$0	\$200,352	\$0
Shop Six	Jul-18	\$109,784	\$159,378	\$124,140	\$181,555	\$168,264	\$81,382	\$143,020	\$0	\$140,613	\$0	\$163,873	\$0	\$142,907	\$0
Shop Eight	Aug-19	\$0	\$79,786	\$0	\$198,020	\$0	\$105,173	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Shop Nine	Oct-19	\$0	\$99,138	\$0	\$106,164	\$0	\$63,421	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Shop	Month/Yr. Opened	August		September		October		November		December		Totals	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Shop One	Jun-15	\$234,920	\$0	\$212,265	\$18,867	\$237,804	\$60,202	\$243,090	\$49,568	\$237,090	\$48,975	\$2,850,120	\$725,322
Shop Two	Aug-16	\$177,858	\$0	\$150,599	\$17,592	\$163,870	\$60,398	\$167,920	\$57,818	\$169,798	\$48,806	\$1,971,196	\$583,837
Shop Three	Mar-17	\$218,178	\$0	\$218,772	\$25,082	\$212,728	\$89,664	\$233,297	\$76,605	\$235,680	\$79,695	\$2,617,054	\$748,869
Shop Four	Sep-17	\$170,656	\$0	\$158,270	\$30,455	\$160,815	\$77,554	\$162,415	\$55,498	\$172,071	\$54,945	\$1,925,482	\$646,658
Shop Five	Nov-17	\$204,521	\$0	\$198,183	\$20,360	\$205,500	\$82,434	\$204,397	\$74,330	\$213,749	\$64,503	\$2,416,195	\$750,049
Shop Six	Jul-18	\$168,204	\$0	\$159,467	\$0	\$153,479	\$13,963	\$156,876	\$47,701	\$165,023	\$0	\$1,795,650	\$483,979
Shop Eight	Aug-19	\$55,340	\$0	\$160,141	\$26,851	\$152,831	\$71,806	\$184,128	\$53,613	\$58,630	\$53,357	\$611,070	\$588,606
Shop Nine	Oct-19	\$0	\$0	\$0	\$0	\$38,053	\$28,601	\$90,785	\$29,086	\$103,157	\$0	\$231,995	\$326,410

**Notes:**

(1) All of our Shops closed on March 13, 2020 as a result of COVID-19 protocols mandated by local and state authorities. Our Shops in New York reopened on September 24, 2020 and operated for the remainder of 2020 under COVID-19 protocols, open from Thursday through Sunday only and for limited opening hours. These Shops were closed the remainder of the week. Our Shops in California and Pennsylvania reopened on October 21, 2020 and operated under Covid-19 protocols by being open from Thursday through Sunday only. These Shops were closed the remainder of the week for four weeks before being closed again on November 19, 2020 in Pennsylvania and on November 19, 2020 in California due to government mandated COVID-19 protocols.

(2) “Net Sales” is the sum total of the Service Sales and Product Sales but subtracting discounts, credits, and refunds.

**(3) These Heyday Shops generated the above results. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

If you receive any financial performance information or projections, you should report it to our management by contacting Sean Bock, Chief Development Officer, Heyday Franchise LLC, 4455 East Camelback Rd., Suite 215A, Phoenix, AZ 85018, (602) 505-4325, the Federal Trade Commission and the appropriate state regulatory agencies.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Heyday Shops Business Summary  
For Years 2018 to 2020**

<b>Business Type</b>	<b>Year</b>	<b>Businesses at Start of the Year</b>	<b>Businesses at End of the Year</b>	<b>Net Change</b>
Franchised Businesses	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company Owned Businesses	2018	5	6	+1
	2019	6	10	+4
	2020	10	10	0
Total Outlets	2018	5	6	+1
	2019	6	10	+4
	2020	10	10	0

**Table No. 2  
Transfers of Heyday Shops from Franchisees to New Owners  
(Other than the Franchisor or its Affiliates)  
For Years 2018 to 2020<sup>(1)</sup>**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Totals	2018	0
	2019	0
	2020	0

**Table No. 3**  
**Status of Franchised Heyday Shops Outlets**  
**For years 2018 to 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Heyday	Ceased Operations - Other Reason	Outlets at End of Year(4)
Total	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

**Table No. 4**  
**Status of Company-Owned Heyday Shops**  
**For years 2018 to 2020**

State	Year	Outlet at Start of Year	Outlet Opened	Outlet Reacquired from Franchisees	Outlet Closed	Outlet Sold to Franchisees	Outlet at End of Year
California	2018	0	1	0	0	0	1
	2019	1	1	0	0	0	2
	2020	2	1	0	1	0	2
New York	2018	5	0	0	0	0	5
	2019	5	2	0	0	0	7
	2020	7	0	0	0	0	7
Pennsylvania	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
Total	2018	5	1	0	0	0	6
	2019	6	4	0	0	0	10
	2020	10	1	0	1	0	10

**Table No. 5**  
**Projected Openings as of December 31, 2020**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets In Fiscal Year 2021	Projected New Heyday Owned Outlets In Fiscal Year 2021
CA	0	0	1
FL	0	0	0
IL	0	0	0
MD	0	0	1
MA	0	0	0
NV	0	0	0
NY	0	0	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets In Fiscal Year 2021	Projected New Heyday Owned Outlets In Fiscal Year 2021
PA	0	0	0
SC	0	0	0
TX	0	0	0
VA	0	0	0
WA	0	0	0
Total	0	0	2

### Current Franchisees

We do not have any existing franchisees.

### Former Franchisees

We have no franchisees that we have terminated or for whom we have refused to renew a franchise during our last fiscal year, or with whom we have not communicated during the 10 weeks preceding the date of this Disclosure Document.

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

### Purchase of Previously-Owned Franchise

If you are purchase a previously owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

### Confidentiality Clauses

During the last three fiscal years, we have not signed agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

### Franchisee Associations

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

## **ITEM 21 FINANCIAL STATEMENTS**

Franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule. Attached to this Franchise Disclosure Document as Exhibit E is an audited opening balance sheet for the Franchisor as of January 27, 2021.

## **ITEM 22 CONTRACTS**

The following agreements and other required exhibits are attached to this disclosure document.

### **EXHIBIT C FRANCHISE AGREEMENT**

Exhibit 1-Franchise Information  
Exhibit 2-Form of Collateral Assignment of Lease  
Exhibit 3-Authorization Agreement for Prearranged Payments and Credits  
Exhibit 4-Listing of Ownership Interests  
Exhibit 5-Agreement to Be Bound and to Guarantee  
EXHIBIT D DEVELOPMENT RIGHTS AGREEMENT  
EXHIBIT F GENERAL RELEASE

### **ITEM 23 RECEIPTS**

The last two pages of the Franchise Disclosure Document (following the exhibits and attachments) are receipt pages acknowledging your receipt of the Franchise Disclosure Document. One copy is for your records, and one copy must be signed and dated by you and returned to us.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

1. The Disclosure Document is supplemented by the following language.

Neither we nor any person or franchise broker identified 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 that association or exchange.

The Disclosure Document is supplemented by the following language. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

3. 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.).

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

5. The Franchise Agreement requires you to waive your right to a trial by jury. This provision may not be enforceable under California law.

6. The California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

7. You must sign a general release if you transfer your franchise California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

8. 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 of competitive brands that we control.

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

10. **OUR WEBSITE ([www.heydayskincare.com](http://www.heydayskincare.com)) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).**

**ADDENDUM TO HEYDAY FRANCHISE LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

The State Cover Page of this disclosure document are amended by adding the following:

Any provision in the Franchise Agreement that designates jurisdiction or venue in the forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning non-renewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act will be void and are deleted with respect to claims under the Act.

Section 41 of the Illinois Franchise Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

1. Under the Summary column of parts (c) and (m), is amended to include the following paragraph.

A general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Under the Summary column of part (h), is amended to include the following sentence.

2. A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. The Summary column of part (v), is modified to include the words

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

is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE**

**SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

**(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.**

**(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTling ANY AND ALL CLAIMS.**

**(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL 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 A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION THIS SUBSECTION APPLIES ONLY IF (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.**

**(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.**

**(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.**

**(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:**

**(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S**

**THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.**

**(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.**

**(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.**

**(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.**

**(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS; NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).**

**(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.**

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

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

1. The following is added to the Disclosure Document:

Under Minnesota law and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the

nonwaiver provision of the Minnesota Franchises Law.

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 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. Specifically, we cannot require you to consent to us obtaining injunctive relief; however, we may seek such relief through the court system.

Minn Rule 2860 4400J prohibits us from, requiring you to assent to a general release. To the extent that the Agreement requires you to sign a general release as a condition of renewal or transfer, the Agreement will be considered amended to the extent necessary to comply with Minnesota law.

Minn Stat §604 113 sets a cap of \$30 on fees to be paid to us if any check, draft, electronic or otherwise, is returned for insufficient funds.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

4. ITEM 3 “Litigation” is hereby amended by deleting the last paragraph in that Item and replacing it with the following language:

“Except as described in this Item, Neither franchisor, its predecessor, a person identified in above, or an affiliate offering franchises under the franchisor’s principal trademark 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, 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 operation.

Neither franchisor, its predecessor, a person identified in above, or an affiliate offering franchises under the franchisor’s principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application of 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.

Neither franchisor, its predecessor, a person identified in above, or an affiliate offering franchises under the franchisor’s principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to franchises or under any 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.”

5. ITEM 4 “Bankruptcy”, is hereby deleted in its entirety and the following language substituted in lieu thereof:

“Neither franchisor, its affiliates, its predecessor, officers or general partner have during the 10-year

period immediately before the date of the offering circular (a) filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code, during or within 1 year after the officer or general partner of the franchisor, held this position in the company or partnership.”

6. “Obligation to Participate in the Actual Operation of the Franchised Business”, is supplemented by the following language that will be deemed an integral part thereof:

“If you are a corporation, partnership or other business entity, we do not require your manager to have an equity interest in your Franchised Business.”

7. ITEM 17 “Renewal, Termination, Transfer and Dispute Resolution”, is supplemented, under the categories entitled “Termination by Franchisee”, “Assignment of Contract by Franchisor” and “Choice of Law” respectively, by the following language that will be deemed an integral part thereof:

In Section d, *Termination by Franchisee* - Notwithstanding any rights you may have in the Franchise Agreement permitting you to terminate the Agreement, the franchisee may also have additional rights to terminate the Franchise Agreement on any grounds available by law.

In Section j, *Assignment of Contract by Franchisor* - However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the franchise agreement.

In Section w, *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.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF RHODE ISLAND**

The following language will apply to Disclosure Documents issued in Rhode Island and be attached by addendum to Agreements issued in the state of Rhode Island.

If any of the provisions of this disclosure document (Rick Factor 1, Coverage Page), and (w) are inconsistent with §19-28 1-14 of the Rhode Island Franchise Investment Act, which states that a provision in an Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act, then said Rhode Island law will apply.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the

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

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Any securities offered or sold by the franchisee as part of the Heyday Shop must either be registered or exempt from registration under Section 13 1-514 of the Virginia Securities Act.

**ADDENDUM TO HEYDAY FRANCHISE LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination, and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

## HEYDAY

### STANDARD OPERATING PROCEDURES LIBRARY (“MANUAL”)

Standard Operating Procedure	Category
Email Template Responses	Client Experience
Customer Feedback & Escalations	Client Experience
Selling Physical Gift Cards (In-Store Only)	Client Experience
Selling E-Gift Cards	Client Experience
Gift Card Redemption (In-Shop)	Client Experience
Checking A Gift Card Balance	Client Experience
Looking Up Gift Card and Store Credit Usage	Client Experience
Finding Lost Gift Card Code For a Client	Client Experience
Product Purchases/Sales	Client Experience
Returns & Refunds	Client Experience
Tax Exempt Clients	Client Experience
Membership Sign-Up	Client Experience
Membership Cancellation	Client Experience
Membership Freezes	Client Experience
Benefit Rollovers	Client Experience
Adding & Redeeming Referral Credit	Client Experience
Adding & Redeeming Account Credit	Client Experience
Selling/Gifting Account Credit	Client Experience
Appointment Cancellations	Client Experience
Appointment Scheduling	Client Experience
Appointment Rescheduling	Client Experience
Appointment Waitlist	Client Experience
New Client Check-In	Client Experience
Existing Client Check-In	Client Experience
New Client Check-Out	Client Experience
Existing Client and Member Check-Out	Client Experience
Texting Best Practices & Canned Responses	Client Experience
Booking & Appt. Reminder Texts (Message Center)	Client Experience
Greeting New Clients, Language Guidelines (Non-	Client Experience
Changing a Customer's Membership	Client Experience
Scheduling A Recovery Facial	Client Experience
Updating Membership Payment Method	Client Experience
Resolving Past Due Memberships	Client Experience
Ask Nicely NPS Reviews	Client Experience
Adding & Removing Facial Benefits (Area Lead and	Client Experience
Shop Email Automatic Reply	Client Experience
Emergency Shop Closing Protocol	Client Experience
New Product Receiving	Shop Operations
Adjusting Inventory for Internal Shop Transfer	Shop Operations

**Exhibit A**  
**Heyday Standard Operating Procedures Library**

<b>Standard Operating Procedure</b>	<b>Category</b>
Back bar Product Replenishment	Product & Inventory
Weekly Inventory Re-Count	Product & Inventory
Employee Profile Set Up	Product & Inventory
Host Scheduling	Product & Inventory
Shop Attendant Scheduling	Staffing & Scheduling
Existing Skin Therapist Scheduling	Staffing & Scheduling
Hot Towel Cabinet Maintenance & Repair	Staffing & Scheduling
Retail Product and Shelf Cleaning	Staffing & Scheduling
Personal Belonging Storage (Locker Policy)	Equipment
Back Up Wi-Fi	Shop Operations
Cleaning - Windows	Shop Operations
Assisting Taking Laundry	Shop Operations
Retail Water Pitcher Set Up & Maintenance	Shop Operations
Alarm (NY)	Shop Operations
Checking Voicemail and Email	Shop Operations
Product Restocking	Shop Operations
Tester Replenishment	Shop Operations
Making Product Samples NON COVID	Product & Inventory
Making Towels	Product & Inventory
Drape Treatment Bed	Shop Operations
Cart and Back bar Standard	Shop Operations
Testing/Turning On Equipment	Shop Operations
Turning on Hot Towel Cabinets	Shop Operations
Lobby Cleaning	Equipment
Bathroom Restocking	Equipment
Vacuum FOH Procedure	Shop Operations
Skin Therapist Room Scheduling	Shop Operations
End of Day Reporting	Shop Operations
Timekeeping for Front Desk Hosts	Staffing & Scheduling
Timekeeping for Front Desk Host Shift Leads	Shop Operations
Timekeeping for Skin Therapists	Human Resources
Timekeeping for Shop Attendants	Human Resources
Timekeeping for Shop Managers	Human Resources
Shop Manager Timekeeping Responsibilities	Human Resources
Bulletin Boards	Human Resources
New Hire Set Up	Human Resources
Payroll Processing	Shop Operations
Time Off Requests	Human Resources
High Frequency Maintenance & Repair	Human Resources
Product Knowledge	Staffing & Scheduling
Shift Swaps/Schedule Requests	Equipment
Sanitation & Room Standards	Product & Inventory
LED Maintenance & Repair	Staffing & Scheduling

**Exhibit A**  
**Heyday Standard Operating Procedures Library**

<b>Standard Operating Procedure</b>	<b>Category</b>
Microdermabrasion Maintenance & Repair	Shop Operations
BT Micro Maintenance & Repair	Equipment
Shop Equipment Replacement Protocol	Equipment
Knack How To	Equipment
Booking is Down	Equipment
Skin Therapist Class Sign Up	Client Experience
Heyday Shop Huddles	Shop Operations
Internal Communications Best Practices	Staffing & Scheduling
Daily Shop Cleaning NON COVID	Shop Operations
Back of House Storage Organization	Communications
SOS Support and Best Practices	Shop Operations
BFF Promo (Shop Level)	Shop Operations
Balancing Appointment Schedule (Tetris)	Client Experience
Shop Scheduling Tool	Client Experience
Personal Belonging Storage (Locker Policy)	Shop Operations
Scheduling Scholar/Guru Time	Shop Operations
Scheduling Classes	Shop Operations
Skin Therapist Class Sign Up	Staffing & Scheduling
A-Frame Display	Staffing & Scheduling
Promotions - Host	Staffing & Scheduling
Treatment Bed Maintenance & Repair	Shop Operations
Continuing Education Request & Approval	Shop Operations
Shop Expense Reimbursement	Equipment
Supply Purchasing Request	Human Resources
Timekeeping & Attendance for Group Training	Human Resources
Adding New Hire to Boulevard	Product & Inventory
Last Minute Call Outs & No Shows (staff)	Human Resources
Break Policy Implementation	Human Resources
Reporting Shop Issues (Creating Tickets in Prospr)	Human Resources
E-comm Returns, Refunds, and Fulfillment Errors	Human Resources
Fraudulent Online Orders	Shop Operations
E-comm Retention Gifts	Ecomm
Glow Getter Loyalty Program, Yotpo	Ecomm
Creating Boulevard Promo Codes	Ecomm
ST adding enhancements & products to order	Ecomm
Shop 3-Letter Code	Shop Operations
Washer & Dryer Repair	Shop Operations
Staffing & Scheduling	Shop Operations
FOH Sanitation	Shop Operations
Client Arrival & Departure	COVID Protocol
BOH Sanitation	COVID Protocol
Tx room sanitation (start of shift)	COVID Protocol
Tx room sanitation (end of shift)	COVID Protocol

**Exhibit A**  
**Heyday Standard Operating Procedures Library**

<b>Standard Operating Procedure</b>	<b>Category</b>
Tx room sanitation (end of Tx)	COVID Protocol
Day in Life (ST)	COVID Protocol
Day in Life (Host)	COVID Protocol
Day in Life (SA)	COVID Protocol
Back of House & Breakroom Protocol	COVID Protocol
How To Perform A Sanitation Check	COVID Protocol
Linens per facial	COVID Protocol
Handing out Samples to Clients	COVID Protocol
Client Showing Symptoms	COVID Protocol
COVID Contingency Plan (HR)	COVID Protocol
<i>bill.com Customer Refunds</i>	COVID Protocol

**Videos**

Adding Referral Credit	Client Experience
Selling/Gifting Account Credit	Client Experience
Applying Referral or Store Credit at Check-Out	Client Experience
Appointment Cancellation (early cancel, no fee)	Client Experience
Appointment Cancellation (late cancel or no-shows, fee)	Client Experience
Appointment Check-Out	Client Experience
Appointment Check-Out with Membership Sign Up	Client Experience
Appointment Rescheduling	Client Experience
Appointment Scheduling	Client Experience
Assigning Commissions	Client Experience
Benefit Rollover	Client Experience
Charging Membership Cancellation Fee	Client Experience
Check-in/Check-out using Front Desk View	Client Experience
Checking Gift Card Balances	Client Experience
Freezing Memberships	Client Experience
Managing the Waitlist	Client Experience
Merging Customer Profiles	Client Experience
Redeeming a Gift Card	Client Experience
Returns & Refunds	Client Experience
Schedule Blocks	Client Experience
Selling a Gift Card	Client Experience
Store Credit Return	Client Experience
Updating Credit Card for Memberships	Client Experience
Weekly Inventory Re-Count	Product & Inventory
Navigating to the Products Section From Dashboard	Product & Inventory
Receiving Product	Product & Inventory
Reviewing & Reporting Inventory	Product & Inventory

**Exhibit B**  
**Directory of Franchise Regulators**  
**State Administrators, and**  
**Agents for Service of Process**

**DIRECTORY OF FRANCHISE REGULATORS, STATE ADMINISTRATORS,**  
**AND AGENTS FOR SERVICE OF PROCESS**

Federal Franchise Regulators:  
Federal Trade Commission  
Division of Marketing Practices  
Seventh and Pennsylvania Avenues, N.W., Room 238  
Washington, DC 20580  
202-326-2970

**List of State Administrators**

**CALIFORNIA:**

Department of Business Oversight  
1-866-275-2677

**Los Angeles**

320 West 4th Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

**Sacramento**

1515 K Street, Suite 200  
Sacramento, CA 95814-4052  
(916) 445-7205

**San Diego**

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

**San Francisco**

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 972-8559

**HAWAII:**

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

**ILLINOIS:**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA:**

Securities Commissioner  
Securities Division, Room E-111  
302 West Washington Street  
Indianapolis, IN 46204

(317) 232-6681

**MARYLAND:**

Office of the Attorney General, Division  
of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

**MICHIGAN:**

Kathryn Barron  
Franchise Administrator Antitrust  
and Franchise Unit  
Consumer Protection Division  
Department of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA:**

Commissioner  
Department of Commerce  
85 7th Place East, Suite #280  
St. Paul, MN 55101  
(651) 539-1600

**NEW YORK:**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Fl  
New York, NY 10005  
212-416-8285

**NORTH DAKOTA:**

North Dakota Securities Department  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

**OREGON:**

Div. of Finance & Corp. Securities  
(608) 266-8557  
Department of Consumer & Business

Services, Room 410  
350 Winter Street, NE  
Salem, OR 97301-3881  
(503) 378-4140

**RHODE ISLAND:**

Department of Business Regulation  
Securities Division  
Bldg. 69, First Floor  
John O. Pasture Center  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9585

**SOUTH DAKOTA:**

Franchise Administrator  
Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**VIRGINIA:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, VA 23219  
(804) 371-9051

**WASHINGTON:**

Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Tumwater, WA 98501  
(360) 902-8760

**WISCONSIN:**

Division of Securities  
Bureau of Regulation & Enforcement  
Department of Financial Institutions, 4<sup>th</sup>  
Floor  
345 W. Washington Avenue  
Madison, WI 53703

## List of Agents for Service of Process

### **CALIFORNIA**

Commissioner of Business Oversight  
Department of Business Oversight  
1515 K Street, Suite 200  
Sacramento, CA 95814

### **DELAWARE**

Corporation Service Company  
251 Little Falls Drive  
Wilmington, Delaware 19808

### **HAWAII**

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

### **ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

### **INDIANA**

Securities Commissioner  
Indiana Secretary of State  
201 State House  
Indianapolis, IN 46204

### **MARYLAND**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020  
410.576.6360

### **MICHIGAN**

Michigan Department of Commerce  
Corporations and Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48910

### **MINNESOTA**

Minnesota Commissioner of Commerce  
85 7th Place East, Suite #280  
St. Paul, MN 55101  
651-539-1600

### **NEW YORK**

New York Secretary of State  
99 Washington Avenue  
Albany, NY 12231-0001

### **NORTH DAKOTA**

Securities Commissioner of North Dakota  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505

### **OREGON**

Director of the Department of Consumer and  
Business Services  
350 Winter Street NE, Room 410  
Salem, OR 97301-3881

### **RHODE ISLAND**

Director of Department of Business Regulation  
Securities Division  
John O. Pastore Center, Bldg. 69, 1<sup>st</sup> Floor  
1511 Pontiac Avenue  
Cranston, RI 02920  
(401) 462-9585

### **SOUTH DAKOTA**

Director  
Division of Insurance  
Securities Regulation  
124 S. Euclid Suite 104  
Pierre, SD 57501  
(605) 773-3563

### **VIRGINIA**

Clerk, Virginia State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219  
(804) 371.9733

### **WASHINGTON**

Director, Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Tumwater, WA 98501

### **WISCONSIN**

Wisconsin Commissioner of Securities  
Department of Financial Institutions, 4th Floor  
345 W. Washington Avenue  
Madison, WI 53703

# HEYDAY

## FRANCHISE AGREEMENT

By and between

HEYDAY FRANCHISE, LLC, a Delaware limited liability company

And

---

---

**Franchisee Address**

**Franchise Email**

**Franchise Telephone Number**

## FRANCHISE AGREEMENT

1.	PREAMBLES .....	1
2.	GRANT OF FRANCHISE .....	1
3.	FRANCHISE RIGHTS .....	2
4.	TERM .....	3
5.	DEVELOPMENT PROCEDURES .....	3
6.	CONSTRUCTION OF YOUR SHOP .....	6
7.	FEES .....	7
8.	RECORDKEEPING AND REPORTS .....	10
9.	MARKETING .....	11
10.	MANUAL .....	16
11.	TRAINING AND ASSISTANCE .....	16
12.	SYSTEM STANDARDS .....	18
13.	MARKS .....	26
14.	YOUR ORGANIZATIONAL STRUCTURE .....	27
15.	TRANSFER BY US .....	29
16.	TRANSFER BY YOU .....	29
17.	GENERAL RELEASE .....	32
18.	COVENANTS .....	33
19.	TERMINATION .....	34
20.	OBLIGATIONS UPON TERMINATION OR EXPIRATION .....	36
21.	OUR OPTION TO PURCHASE CERTAIN ASSETS OF YOUR HEYDAY SHOP .....	37
22.	RELATIONSHIP OF THE PARTIES .....	39
23.	INDEMNIFICATION .....	39
24.	SEVERABILITY AND CONSTRUCTION .....	40
25.	CONSENTS, APPROVALS AND WAIVERS .....	40
26.	ENFORCEMENT .....	41
27.	MISCELLANEOUS .....	43
28.	NOTICES AND PAYMENTS .....	43
29.	ACKNOWLEDGMENTS .....	43

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_ (“Effective Date”) by and between Heyday Franchise LLC, a Delaware limited liability company (“Heyday Franchise,” “Franchisor” “we,” “us,” or “our”), and \_\_\_\_\_ (“you” or “your” or “Franchisee”).

### 1. PREAMBLES

(A) We and our affiliates have invested considerable time, effort, and money to develop a unique system (“System”) for the operation of a business under the name “Heyday” that offers skincare services and products in a warm, inviting, and unimimidating retail location under the trade name and service mark HEYDAY® (each a “Heyday Shop” or a “Shop”).

(B) The distinguishing characteristics of the System include, without limitation, our interior and exterior design, special décor elements, layout, furnishings, fixtures, color schemes, display units, graphics and designs, signs, quality of equipment and inventory; procedures for operations; proprietary computer software; proprietary skincare products, quality and uniformity of services and products offered, staff and customer recruitment and retention programs, local, regional and national events, procedures for management training and assistance, advertising and promotional programs, and business formats, methods, procedures, designs, layouts, standards, and specifications, which we may change, improve and further develop from time to time.

(C) We identify the System by the “Heyday” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, “Marks”), which we have designated, or may in the future designate, for use with the System. The Marks are owned by our parent, Heyday Wellness, LLC and licensed to us for use by the System.

(D) You would like to obtain a license to use the System and the Marks and to operate a franchised Heyday Shop at the location specified in Exhibit 1 (“Premises”), subject to the terms and conditions of this Agreement and in strict compliance with the high and uniform standards of quality, operations and service established by us for the System (“System Standards”).

(E) You acknowledge the importance of the System Standards and the necessity of developing and operating your Heyday Shop in strict conformity with this Agreement, the System Standards and our Standard Operation Procedures Library (“Manual”).

(F) We are willing to grant to you the opportunity to develop and operate a Heyday Shop at the Premises, subject to the terms and conditions of this Agreement.

### 2. GRANT OF FRANCHISE

(A) Grant. Subject to the terms of this Agreement, we grant to you a license (“Franchise”) to operate your Heyday Shop at the Premises and to use the System and Marks in the operation of a Heyday Shop. If you have not identified and received our approval of the Premises before you sign this Agreement, the Premises will be identified and included on Exhibit 1 as described in Section 5(A).

(B) Relocation. You may not operate your Heyday Shop at any site other than the Premises and you may not relocate your Heyday Shop without our prior written consent, which may be withheld by us in our sole discretion. You will be obligated to reimburse us for any actual expenses incurred in connection with our evaluation and/or approval of your relocation request.

(C) Forms of Agreement. Over time, we have entered and will continue to enter into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained 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 duties of the parties to this Agreement to comply with the terms of this Agreement.

(D) Best Efforts. You agree at all times to perform your obligations under this Agreement faithfully, honestly, and diligently, to use your best efforts to promote your Heyday Shop and the System, and to operate your Heyday Shop in accordance with our System Standards.

### 3. FRANCHISE RIGHTS

(A) Your Protected Area. Except as limited by Section 3(B) below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate, or license others to operate Heyday Shops in the geographic area identified and describe in Exhibit 1 as your Protected Area (“Protected Area”) during the term of this Agreement. When the Shop location is identified, the location will be identified in Attachment B to the Franchise Agreement. Your Protected Area will be determined by us after you execute a lease for the Shop, which will be identified on a map attached to Attachment B. The actual boundaries of the Protected Area will be determined based on a number of factors, which may vary from one location to the next, but a minimum Protected Area will contain a population (include daytime workforce and residential) of approximately 25,000 persons. We expect your Protected Area will range from a one (1) block radius surrounding the Shop (in a dense urban area such as New York City) to a radius of 2 miles surrounding the Shop (in a more suburban area).

(B) The restrictions contained in this Section 3 do not apply to Heyday Shops under construction or in operation in the Site Selection Area (as defined by Section 5(A)) or Protected Area as of the date of this Agreement. If the Premises have not been approved in writing by us as of the Effective Date, your Protected Area will be determined by us after you execute a Lease for your Heyday Shop (the "Lease"), or otherwise secure the Premises in a manner approved by us, and at such time, the Protected Area will be attached to and incorporated into Exhibit 1.

(C) Rights We Reserve. Except as expressly granted to you in Section 3(A), we and our affiliates retain all rights with respect to Heyday Shops, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the right to: (1) operate (and license others to operate) any type of business other than a Heyday Shop branded business at any location inside or outside the Protected Area; (2) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from Heyday Shops, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the Internet or similar electronic media) both inside and outside the Protected Area; (3) operate (and license others to operate) Heyday Shops located anywhere outside the Protected Area regardless of proximity to your Heyday Shop; (4) acquire the assets and/or ownership interests of one or more competing businesses (“Competing Businesses”) and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area); (5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Area; (6) create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Area; and (7) open or allow others to open Heyday Shops in Special Locations inside or outside the Site Selection Area, Development Area and/or Protected Area. For purposes of this Agreement, a “**Special Location**” means an airport, train station, bus terminal, hotel, college, university, hospital, military base, casino, or stadium, as designated by us.

(D) . The rights granted to you in the Protected Area does not limit the operation of Heyday Shops that are under construction or in operation in the Protected Area. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area.

#### 4. TERM

(A) Initial Term. The initial term of this Agreement (“Initial Term”) and the Franchise granted by this Agreement will begin on the Effective Date and expire at midnight on the day preceding the 10th anniversary of the date your Heyday Shop first opens for business, unless this Agreement is terminated at an earlier date pursuant to Section 19. We will complete and forward to you a notice to memorialize the date your Heyday Shop first opened for business.

(B) Successor Terms. When this Agreement (and the first Successor Term) expires, you will have the option to request the right to remain a franchisee at the Premises for successor terms of five (5) years each (each a "Successor Term"). The qualifications and conditions for the Successor Term are described below:

(1) You must give us written notice of your election to remain a franchisee at the Heyday Shop not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term;

(2) You must pay us a Successor Franchise Fee equal to the greater of 25% of the then current initial franchise fee or \$12,500 (the "Successor Franchise Fee");

(3) Neither you nor any of your affiliates are in default under this Agreement or any other agreements with us or our affiliates;

(4) You must have the right to remain in possession of the Premises (or, another location acceptable to us) for the Successor Term;

(5) You must renovate and update your Heyday Shop to reflect the then-current image of Heyday Shops;

(6) You must correct any existing deficiencies of your Heyday Shop or in your operation of your Heyday Shop and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your managerial and training personnel and/or your staff (which may involve the payment of training fees);

(7) You must sign, and your owners and all guarantors of your obligations under this Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and

(8) You, and your owners and guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit F to the FDD) releasing any and all claims against us, and our affiliates, owners, officers, directors, agents and employees.

#### 5. DEVELOPMENT PROCEDURES

(A) Site Selection.

(1) This Section 5(A) will not be applicable if the Premises have been approved in writing by us as of the Effective Date.

(2) If the Premises have not been designated as of the Effective Date, you will select a site from within an area that we identify in Exhibit 1 (“Site Selection Area”). Within 120 days after the Effective Date (“Site Approval Period”), you must obtain our written consent of a site that is located in the Site Selection Area and execute a Lease (or otherwise secure) that approved site for your Heyday Shop. We, in our sole discretion, reserve the right to move or modify the Site Selection Area. Provided that you are in full compliance with this Agreement, we and our affiliates will not operate, or license others to operate, Heyday Shops in the Site Selection Area during the Site Approval Period. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area as described in Section 3(B). The restrictions contained in this Section 5.A. shall not apply to Heyday Shops under construction or in operation in the Site Selection Area as of the Effective Date of this Agreement.

(3) You assume all cost, liability and expense for locating, obtaining and developing a site for your Heyday Shop and constructing and equipping your Heyday Shop in accordance with our System Standards at an approved site. We will assist you in your site selection by providing you with our site selection guidelines and criteria, and sources to obtain demographic information on proposed sites. You must obtain our written consent of the site before you make any binding commitments related to the site. If you have not presented to us an approvable site during the Site Approval Period, we may, in our sole discretion, terminate this Agreement pursuant to Section 19.

(4) Once you have identified a potential site, you must submit to us, in the form that we specify, a completed site 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 site.

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

(6) We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our receipt of your detailed site evaluation package if we do not conduct an on-site evaluation or, if we conduct an on-site evaluation, within 30 days after the on-site evaluation. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval of a site, and after you secure the site, we will insert its address into Exhibit 1, and it will be the Premises.

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

(8) Once you select a Premises for your Heyday Shop, your rights with respect to the Site Selection Area shall terminate and your rights shall be limited to the Protected Area.

(B) Lease of Premises

(1) If you propose to lease or sublease the Premises for your Heyday Shop, you must provide us with a copy of the fully-executed Lease for the Premises (for a term, including renewal terms, for at least the Initial Term) no less than 10 days before you intend to execute the Lease for the site of your Heyday Shop. 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, any Lease must contain provisions that satisfy the following requirements during the entire term of the Lease, including any renewal terms:

(2) The initial term of the Lease must be no less than ten (10) years.

(3) The property owner ("Property Owner") consents to your use of the proprietary signs and the Marks prescribed by us, and upon the expiration or earlier termination of the Lease, consents to permit you, at your expense, to remove all such items, so long as you make repairs to the Premises caused by such removal.

(4) The Property Owner agrees to provide us (at the same time sent to you) a copy of all amendments, assignments and notices of default pertaining to the Lease and the Premises.

(5) We will have the right to enter the Premises 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.

(6) The Property Owner agrees that you will be solely responsible for all obligations, debts and payments under the Lease.

(7) The Property Owner agrees that, following the expiration or earlier termination of this Agreement, you will have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from a Heyday Shop and also make those specific additional changes as we reasonably may request for that purpose. The Property Owner also agrees that, if you fail to make these alterations and modifications within 10 days after the expiration or earlier termination of this Agreement, we will have the right to do so without being guilty of trespass or other tort so long as we make repairs to the Premises caused by such removal.

(8) The Property Owner agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without our prior written consent, which consent will not be unreasonably withheld.

(9) 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.

(10) The Property Owner agrees to consent to your collaterally assigning 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 Premises, 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 2.

(11) You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Heyday Shop operated at the Premises. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

## 6. CONSTRUCTION OF YOUR SHOP

### (A) Construction Plans

(1) You are responsible for developing and constructing your Heyday Shop. We will provide to you mandatory and suggested specifications and layouts for a Heyday Shop, 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 (“ADA”) 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 Premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

(2) You must retain our designated architect to develop construction drawings of your Heyday Shop. Required stamped drawings include architectural, mechanical, plumbing and electrical plans. In addition, you must obtain structural and fire protection and any other plans as may be required by your state and local agencies.

(3) You agree to send to us, upon our request, construction plans and specifications or other plans for our review before you begin constructing your Heyday Shop and all revised or “as built” plans and specifications during construction. We may require you to use an approved or designated architect and/or general contractor to design and construct your Heyday Shop. We may inspect the Premises while you are developing your Heyday Shop.

(4) Development of your Heyday Shop. You agree to do the following, at your own expense, to develop your Heyday Shop at the Premises:

- (a) secure all financing required to develop and operate your Heyday Shop;
- (b) procure insurance coverage for your activities under this Agreement as required by Section 12(G) and the Manual;
- (c) obtain all required building, utility, sign, health, sanitation, occupancy, business, and other permits and licenses;
- (d) construct all required improvements to the Premises and furnish and decorate your Heyday Shop according to our approved plans and specifications;
- (e) obtain all customary contractors’ sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
- (f) purchase or lease from Designated Suppliers and Approved Suppliers, and install, all required fixtures, furniture, equipment and interior and exterior signs; and
- (g) purchase from Designated Suppliers and Approved Suppliers an opening inventory of authorized and approved products, materials, and supplies necessary to commence operations at your Heyday Shop.

(5) If you build any portion of your Heyday Shop outside of our specifications without receiving our prior written consent, we will have the right to delay the opening of your Heyday Shop until you, at

your sole expense, bring the development of your Heyday Shop within full compliance with of our specifications.

(6) Shop Systems. Prior to opening your Heyday Shop, you must purchase and install our required computer, router, network, hardware, and associated software including required appointment and accounting software (the “Shop Systems”).

(B) Opening your Heyday Shop. Subject to your compliance with the conditions set forth in this Section 6(B) or as we may otherwise approve, you agree to open your Heyday Shop no later than 18 months after the Effective Date of this Agreement.

(1) We will not authorize the opening of your Heyday Shop unless all of the following conditions have been met:

(2) We are satisfied that your Heyday Shop was constructed and/or renovated and equipped substantially in accordance with our standards and specifications;

(3) You have hired and trained a staff as required by Section 11(B);

(4) You have received a Certificate of Occupancy and all required state and local government certifications, permits, and licenses necessary for the operation of a Heyday Shop, including licenses and certifications for your staff and other personnel;

(5) You (or your Operating Principal as defined in Section 14(D)), your management personnel, and your training personnel (if any) have satisfactorily completed and become certified in our initial training program;

(6) You have paid the Initial Franchise Fee (as defined in Section 7(A)) and any other amounts then due to us;

(7) You have signed all agreements required prior to opening, including, but not limited to, the Lease, the electronic funds transfer documents described in Section 7(U), and any software license agreement(s);

(8) You have complied with our requirements for the Grand Opening Plan as described in Section 9(A);

(9) Neither you nor any of your affiliates are in default under or in violation of any agreements with us, any of our affiliates or any suppliers; and

(10) You have provided to us copies of certificates for all insurance policies required by Section 12(G) or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

7. FEES. All fees payable pursuant to this Section 7 shall be retained by the Franchisor prior to its delivery of the Franchisee Share to Franchisee pursuant to Section 7(V).

(A) Initial Franchise Fee. At the same time that you sign this Agreement, you must pay to us an initial franchise fee of \$50,000 (“Initial Franchise Fee”). The Initial Franchise Fee is due, and fully earned by us, when you sign this Agreement. The Initial Franchise Fee is not refundable.

(B) Ongoing Royalties. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable and continuing Royalties (“Royalties”) in the amount of seven percent (7%) of the Net Sales of your Heyday Shop for the right to use the System and the Marks.

(C) Site Evaluation Fee. We will not charge a fee for the first site evaluation that we conduct for a particular Heyday Shop, however, if we require, or if you request, any additional on-site evaluations with respect to the same Heyday Shop, you will pay to us, in addition to our travel expenses, a Site Evaluation Fee. The current Site Evaluation Fee is \$500 per site evaluation. We may deduct the Site Evaluation Fee from Net Sales prior to our payment of the Franchisee Share to you. An on-site site evaluation is necessary if the information you provide to us is inadequate for us to approve or disapprove of the proposed site.

(D) Reservation License Fee. You will pay us or our designated third party vendor an ongoing Reservation License Fee. Currently, the Reservation License Fee is \$600 per quarter. We or our designated third party vendor may increase the Reservation License Fee and/or change the time period for payment of the Reservation License Fee (e.g. monthly) on 30 days written notice to you.

(E) Technology Fee. You will pay us an ongoing Technology Fee. The Technology Fee will be collected in connection with technology products or services we determine to (a) associate or utilize in connection with the System; and (b) use the Technology Fee to cover all or certain portion of the corresponding costs. Currently, the Technology Fee covers ongoing licensing associated with internal/external communications, learning management platforms, recruiting platforms, operational data analytics, and data input/storage. Currently, the Technology Fee is \$800 per month. We may increase the Technology Fee and/or change the time period for payment of the Technology Fee (e.g. quarterly) on 30 days written notice to you.

(F) Digital Marketing Program Fee. You must participate in our digital marketing program (“Digital Marketing Program”). As of the Issuance Date, we require that you pay us the Digital Marketing Requirement of \$3,000 per month, beginning in the fourth (4) month after your Heyday Shop opens. After the one (1) year anniversary of the opening of your Heyday Shop, you will pay us \$1,500 per month for the Digital Marketing Requirement. We may thereafter increase the Digital Marketing Requirement upon written notice to you. We will charge an administrative fee of 6%-8% to manage and report the monthly performances of your digital marketing. Digital Marketing efforts will be isolated within your metropolitan statistical area. In the future, we reserve the right to require that the Digital Marketing Requirement funds be paid, in whole or in part, to any Approved Supplier that we designate.

(G) Music License Fee. You will pay an annual Music License Fee to us or to our Approved Supplier of music for your Shop. Currently, the Music License Fee is \$225 per year and is paid annually. We or an Approved Supplier may increase the Music License Fee or payment terms (e.g. monthly) upon 30 days written notice to you.

(H) Client Service Support Team Fee. We may establish a Client Service Support (“CSC”) Team in the future. If established, the CSC Team will provide call center, scheduling, customer service, membership support, text communication, and related services to your Heyday Shop. Once established, you shall be obligated to utilize the CSC Team for any services that we designate as CSC Team services. You will be obligated to pay, with respect to your Shop, a pro rata share of the costs, expenses, and fees associated with establishing, operating, and maintaining the CSC Team if and when it is created. The CSC Team Fee may include a fee paid to the Franchisor or its affiliates in exchange for its management and support of the CSC Team

(I) Transaction Processing Fees. We will charge you a fee equal to the 3% of your Credit Card Sales plus \$.30 per transaction. This fee will reimburse us for the processing fees incurred in connection with our collection of your Credit Card Sales.

(J) Alternative Suppliers. If you propose to purchase any goods or materials (that you are not required to purchase from us, an affiliate of ours, or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier do so. We may require, as a condition of our approval, that our representative be permitted to inspect the supplier’s facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent,

certified laboratory designated by us for testing prior to granting approval. In connection with inspection, testing, and evaluation of your proposed alternative supplier, we may charge you a Supplier Approval Fee of our actual incurred costs and expenses, up to \$5,000.

(K) You will pay us a management fee ("Management Fee") if we are obligated, directly or indirectly, to manage your Shop. The Management Fee is in addition to and not in replacement of any other fees that you are obligated to pay us. The current Management Fee we charge you is the greater of (i) two times the salary paid to the individual(s) assigned by us to operate the Shop, or (ii) 10% of the Shop's monthly Gross Sales; plus expenses for travel, lodging, meals, and all other expenses. The Management Fee is payable during any period that our appointed manager manages your Shop. The Management Fee will be in addition to the Royalties and Brand Fund Contributions due to us. We will deduct the Management Fee from Net Sales prior to our payment of your Franchisee Share. We may increase the Management Fee upon thirty (30) days written notice to you.

(L) Resale Program Fee. You will pay us a fee equal to four and one-half percent (4.5%) of the sales price of your Heyday Shop if you sell it to a buyer that we introduced to you.

(M) 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

(N) Gross Sales. "Gross Sales" means all revenue transacted from or during the operation of your Heyday Shop including, but not limited to, membership fees, service fees, product sales, business interruption insurance, and all amounts that you receive at or away from the Premises, whether from cash, check, EFT, ACH, wire transfer, credit and debit card, barter, exchange, trade credit, loyalty program points, gift card redemptions, or other credit transactions.

(O) Net Sales. "Net Sales" means Gross Sales minus: (i) the amount of any documented refunds, charge-backs provided to customers in good faith; (ii) any documented contributions (up to a maximum amount set by us) you make to an approved not for profit organization in conjunction with a Heyday Franchise approved charitable event; (iii) any tips received by your employees; and (iv) Franchisor designated or approved discounts, promotions, or credits.

(P) "Credit Card Sales" means all revenue transacted from or during the operation of your Shop including, but not limited to, membership fees, service fees, product sales, business interruption insurance, and all amounts that you receive at or away from the Premises from credit cards, debit cards, gift cards, Apple Pay, Samsung Pay, PayPal, Venmo, or other similar electronic or card based Payment Systems.

(Q) Advertising Contributions and Expenses. You also will spend and/or contribute for advertising the amount we specify. The exact amount of the Brand Fund contribution and Local Marketing expenditures you are required to make and/or are set forth in Section 9.

(R) 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 8.

(S) Mystery Shops/Quality Assurance. We may participate in third party quality assurance or "mystery shop" programs to provide independent information regarding your performance under this Agreement. We may charge you up to \$250 per visit to your Shop.

(T) Interest. All amounts which you owe us for any reason, will bear interest accruing as of their original due date at 18% per annum or the highest commercial contract interest rate the law allows, whichever is less. We may electronically debit your business checking account automatically for any past-due amounts and

interest. You acknowledge that this Section 7(S) 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, your Heyday Shop.

(U) 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.

(V) Method of Payment

(1) You must comply with all of our payment policies, procedures, and requirements, as described in the Manual.

(2) On a weekly basis, we will calculate the Gross Sales, Net Sales and Credit Card Sales generated from the operation of your Heyday Shop. Certain fees are payable based upon Gross Sales, Credit Card Sales, or Net Sales. We will provide a report to you, on a weekly basis, of the Gross Sales, Net Sales and Credit Card Sales from your Heyday Shop.

(3) On a weekly basis, we will pay to you, by EFT, ACH, direct deposit, or a similar means, the Net Sales generated from membership fees or series packs collected and gift card redemptions from your Heyday Shop during the previous calendar week minus: (i) all Fees (See Section 7); (ii) amounts you owe us or our affiliates for purchases of supplies; and (iii) any other monetary obligation that you have to us, our affiliates, or Approved Suppliers that we have been made aware of prior to the date that we would make a payment to you. Our payment to you is referenced as the "Franchisee Share".

(4) If there is a negative balance to your Franchisee Share after all deductions, then your negative balance will be carried forward to the next week and be deducted from your next week's Franchisee Share payment. We are never required to remit any funds to you until we have collected those funds.

(5) You must sign and deliver to us the documents we require to authorize us to electronically debit and credit your business checking account automatically ("Electronic Depository Transfer Account" or "EDTA"). Our current form of EDTA documents are attached as Exhibit 3. We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals.

(W) Right of Offset. Franchisor shall have the right to offset any amount owed by Franchisee to Franchisor and/or its affiliates under or in connection with this Agreement against any payments owed by Franchisor to Franchisee under this Agreement or any related agreement. Such offsets shall be in addition to any other rights or remedies available under this Agreement and applicable law.

## 8. RECORDKEEPING AND REPORTS

(A) Recordkeeping. You must keep and maintain, in accordance with any procedures that we prescribe in the Manual or otherwise, complete and accurate books and records pertaining to your Heyday Shop sufficient to fully report to us. We reserve the right to require that you maintain a fiscal year different than the calendar year and one that is consistent with our fiscal year. You agree that we are authorized to use computerized data capture and retrieval systems that meet our specifications and that all data collected by our data capture and retrieval systems shall belong to us.

(B) Reports and Financial Statements. You must, at your expense, submit to us, in the form prescribed by us, financial and operational reports and records at the times and in the manner specified in the Manual. You also must submit to us, in the form prescribed by us, a profit and loss statement and balance sheet for your Heyday

Shop within 60 days after the end of each fiscal year (as defined by us from time to time). You must sign each report attesting that it is true, correct and complete and, with respect to the profit and loss statement, uses accounting principles applied on a consistent basis that accurately and completely reflect your financial condition. We may disclose data derived from your reports, however, upon receipt of a written request from you or if required by law, we will not disclose your identity in any materials that we circulate publicly. If, in our reasonable judgment, your reports are deficient in substance or presentation, we may require that you submit to us year-end financial statements prepared by an independent accountant and/or copies of your federal, state and local income tax returns.

(C) **Public Filings.** If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must, at your expense, submit to us copies of all reports (including responses to comment letters) or schedules that you may file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue, within 3 days of the filing of those reports or schedules or the issuance of those releases.

(D) **Our Right to Audit**

(1) We have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit your books, records, sales and income tax records and returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of your Heyday Shop (an "Audit"). If any Audit discloses an understatement of Net Sales of your Heyday Shop, you agree to pay to us, within 10 days after receiving the Audit report, the Royalties and Brand Fund contributions due on the amount of the understatement, plus any interest on the understated amounts from the date originally due until the date of payment. If any Audit discloses that you have not expended the greater the requires amount of your Net Sales on Local Marketing (which amount may be modified by us from time to time in accordance with Section 9(B)), you shall contribute to the Brand Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your Heyday Shop. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of your Royalties or Brand Fund contribution (when a percentage of Net Sales is required), that exceeds 2% of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. If our examination reveals an understatement of the Net Sales of your Heyday Shop for any period by 2% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion, then in addition to your obligations in subsection (a) above, we may immediately terminate this Agreement without an opportunity to cure. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

(2) If you fail to give us, on a timely basis, the records, reports and other information required by this Agreement or, upon our request, copies of the same, we or our designee will have access at all reasonable times (and as often as necessary) to your books and records (including those contained on the Shop Systems) for the purpose, among other things, of preparing the required records, reports and other information. You promptly will reimburse us or our designee for all costs and expenses associated with our obtaining and/or preparing such records, reports or other information.

9. **MARKETING**

(A) **Grand Opening Plan.** You must advertise and promote your Heyday Shop during the 4-month period that begins 2 months prior to opening and continues through 2 months following the opening of your Heyday Shop ("Grand Opening Plan"). Your Grand Opening Plan expenditures must equal or exceed \$30,000. The amount that you will be required to spend in your Grand Opening plan is dependent upon whether your Shop is the first to open in a new market and the size of the market. You agree to comply with our guidelines for the Grand Opening

Plan, based upon an agreed upon marketing plan, which you must follow as part of the marketing, advertising, and promotion of your Heyday Shop. You must deposit the amount that we agree is needed for your Grand Opening Plan no less than 2 months prior to the date that you will implement your Grand Opening Plan. We will (i) expend some or all of your Grand Opening Plan deposit on digital marketing; and/or (ii) reimburse you for Grand Opening Plan expenditures upon your submission of receipts for approved marketing. You must spend at least the amount that we specify for your Grand Opening Plan; however, you may spend more than the required amount. The Grand Opening Plan expenditure is in addition to the advertising contributions and expenditures that you must make pursuant to Sections 9(C), 9(D) and 9(E) below.

(B) Marketing Contributions and Expenditures. During the Term, you must (1) contribute to the Brand Fund pursuant Section 9(C), (2) make Local Marketing expenditures pursuant to Section 9(D) and 9(E); and (3) contribute to the Regional Co-op pursuant to Section 9(F) if a Regional Co-op has been established in the Designated Market Area (“DMA”) in which your Heyday Shop is located. We have the right to periodically re-allocate and/or increase the amount you contribute to the Brand Fund and the amount you spend for Local Marketing.

(C) Brand Fund

(1) We have established an advertising and marketing fund (“Brand Fund”) for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. We currently charge you a Brand Fund contribution of one percent (1%) of Net Sales. Your required Brand Fund contribution will not exceed three percent (3%) of the Net Sales of your Heyday Shop. The Brand Fund contribution will be payable in the same manner as the Royalties. Heyday Shops operated by us and our affiliates also will contribute to the Brand Fund on the same basis as comparable franchisees. From time to time, we or our suppliers may deposit into the Brand Fund rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

(2) We will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we designate that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund. Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (a) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; (b) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (c) media placement and buying, including all associated expenses and fees; (d) administering regional and multi-regional marketing and advertising programs; (e) market research and customer satisfaction surveys, including the use of secret shoppers; (f) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (g) creative development of new program offerings for Heyday Shops; (h) creative development of signage, posters, and individual Heyday Shop décor items including wall graphics; (i) recognition and awards events and programs; (j) System recognition events, including periodic national and regional conventions and meetings; (k) Website, extranet and/or intranet development and maintenance (in this Agreement, “website” means one or a group of World Wide Web pages usually containing hyperlinks to each other and made available online by an individual, company, educational institution, government, or organization); (l) development, implementation, and maintenance of an electronic commerce Website and reservation system and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and (n) public relations and community involvement activities and programs.

(3) We will account for the Brand Fund separately from our other funds, however will not be required to segregate any Brand Fund monies from our other monies. We will not use the Brand Fund for any of

our general operating expenses. We and our affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. We may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund, and we may use the Brand Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Brand Fund. We may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs.

(4) The Brand Fund will not be our asset. Although the Brand Fund is not a trust, we will hold all Brand Fund contributions for the benefit of the System, and use contributions only for the purposes described in this Section 9(C). We do not owe any fiduciary obligation to you for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Fund contributions to pay for the administrative costs of the Brand Fund before using the Brand Fund's other assets.

(5) Upon your written request, we will prepare an annual, unaudited statement of Brand Fund collections and expenses within 90 days after our fiscal year end. We may also, in our sole discretion, prepare such financial statements. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9(C).

(6) We intend the Brand Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Brand Fund, or portions of the monies in the Brand Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all Heyday Shops, we cannot and do not ensure that Brand Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Brand Fund contributions by Heyday Shops operating in that geographic area. We do not guarantee or assure that you, your Heyday Shop or any Heyday Shop will benefit directly or in proportion to your Brand Fund contribution from the brand enhancement activities of the Brand Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

(7) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Brand Fund. We have the sole right to enforce the obligations of franchisees who contribute to the Brand Fund, and neither you nor any other franchisees who contribute to the Brand Fund will be deemed a third party beneficiary with respect to the Brand Fund obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Brand Fund.

(8) We may at any time defer or reduce contributions of a Heyday Shop franchisee to the Brand Fund and, upon 30 days prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Brand Fund. If we terminate the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Brand Fund contributions during the preceding 12-month period.

(D) Local Marketing

(1) You must develop, on an annual basis, a Marketing Plan that we have approved for you, your Heyday Shop, and your Protected Area. You must comply with all requirements regarding the Marketing Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, participation in and use of approved on-line social media networks and tools, and compliance with all promotional recommendations and guidelines. In addition to your Grand Opening Plan expenditures and your Brand Fund contribution, in accordance with your Marketing Plan, you agree to spend the minimum amounts of the Shop's projected annual Gross Revenue that we specify, but not to exceed four percent (4%) of such projected annual Net Sales, on your Marketing Plan and advertising, marketing, and promotional programs for the Shop (the "Local Marketing Requirement"). You must prepare, or collaborate with us to prepare, a written local marketing plan for the Local Marketing Requirement according to our specified process. You acknowledge that, given the nature of the Shop's services and products, we may require you to spend a substantial portion, or even most, of the Local Marketing Requirement during a specific, limited timeframe during the year (for example, over a number of weeks or a few months). We will not count any of the following expenditures towards your Local Marketing Requirement: Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate to satisfy the Local Marketing Requirement. We may review your books and records, and require you to submit reports periodically, to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Local Marketing Requirement, we may, in addition to and without limiting our other rights and remedies, require you to contribute the shortfall to the Brand Fund for use as provided in Section 9(C) above. Notwithstanding the above, at our request you must pay us the Local Marketing Requirement, which we will then spend for you in your market for the materials and activities described above. You acknowledge that the marketing activities in which you engage will materially affect your Shop's success or lack of success. While you agree to the Local Marketing Requirement above, that amount might be insufficient for you to achieve your business objectives. Subject to the requirements above, you alone are responsible for determining how much to spend on your Marketing Plan and other approved advertising, marketing, and promotional programs for the Shop in order to achieve your business objectives. You must begin your Marketing Plan when you open your Heyday Shop. We may audit your Heyday Shop pursuant to Section 8(D) above if we believe, in our sole discretion, that you have not expended the required amount of money on your Marketing Plan. If our audit reveals that you are not contributing the requisite amount, you must repay us the costs and expenses incurred in auditing your Heyday Shop. In addition, if you fail to expend on an annual basis, the required amount, then you must contribute to the Brand Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your Heyday Shop.

(2) Your Marketing Plan must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local marketing and promotional materials and you will be required to pay those third parties for their services without any offset to your required local marketing expenditures. You may not develop, maintain, or authorize any Website that mentions or describes you or your Heyday Shop or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

(3) You may purchase local advertising and promotional materials for your Marketing Plan from us or any source approved by us. Periodically, we will provide you with samples of advertising, marketing, and promotional formats and materials at no cost. If you purchase these materials from us, in addition to paying the invoice cost of the materials, you must pay any related shipping, handling, and storage charges. If purchased from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and

with the guidelines for advertising and promotion promulgated from time to time by us and must be submitted to us or our designee at least 10 days prior to first use for approval (except with respect to prices to be charged by you), which we may grant or withhold in our sole discretion. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

(4) In no event will your advertising and promotional materials contain any statement or material which, in our sole discretion, may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with our public image of that of the System. You acknowledge and agree that any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

(5) You must actively participate in all marketing and advertising programs designated by Us or the Brand Fund including social media programs (e.g. Facebook, Twitter, and Instagram) and comply with all guidelines set forth by us regarding the use of these programs as set forth in the Manual.

(E) Digital Marketing Program. You must participate in our digital marketing program ("Digital Marketing Program"). You will pay a Digital Marketing Program Fee (See Section 7(E)) to us or an Approved Supplier of digital marketing services to provide digital marketing management services as we determine appropriate and in accordance with our current System practices, standards and specifications. We may increase the Digital Marketing Program fee upon written notice to you.

(F) Regional Co-op

(1) We may, in our sole discretion, establish a regional advertising cooperative ("Regional Co-op") in any DMA. The Regional Co-op shall be organized and governed in a form and manner and shall commence operations on a date, approved in advance by us in writing. We may, if we so elect, prepare bylaws to be used by the Regional Co-op and may require the Regional Co-op to incorporate. Once a Regional Co-op is established in a DMA in which your Heyday Shop is located, you shall become a member of such Regional Co-op and be required to contribute to the Regional Co-op as determined by its members no later than 30 days after the date on which the Regional Co-op commences operation. In no event shall you be required to be a member of more than one Regional Co-op with respect to your Heyday Shop. You shall submit your Co-op Contribution to the Regional Co-op monthly, together with such statements or reports as may be required by us (or by the Regional Co-op with our prior written consent). Monies in the Regional Co-op may be spent for the purposes determined by a majority vote of the Regional Co-op.

(2) Each Regional Co-op shall be organized, if at all, for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by its members in local advertising. All advertising, marketing and promotions shall be submitted to us prior to first use as provided in Section 9(D)(3), and shall adhere to the standards set forth in Section 9(D)(4).

(3) We shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings; however, we shall not have a vote unless we or our affiliates operate a Heyday Shop in the area covered by the Regional Co-op. If the members of the Regional Co-op are unable or fail to determine the manner in which Regional Co-op monies should be spent, we may assume this decision-making authority following 10 days' advance written notice to the members of the Regional Co-op. We, or our designee, may grant to any franchisee an exemption for any length of time from the requirement of membership in any Regional Co-op, upon written request of such a franchisee stating reasons supporting an exemption. Decisions regarding a request for exemption shall be final. We or our designee shall have the right to terminate (and subsequently restart) any

Regional Co-op. Upon termination, all monies in that Regional Co-op shall be spent for advertising and/or promotional purposes.

(G) Loyalty Program. We may operate a customer loyalty program that awards customers loyalty points upon the occurrence of certain events. These points may be used by customers in exchange for discounted or free services and retail products at your Heyday Shop. You must participate and pay the fees associated with any Loyalty Program that we implement.

(H) Telephone Communication. You will not maintain a Shop specific, unique telephone number with respect to your Heyday Shop. We will maintain a single toll-free phone line to which all requests for information, services, customer service, media, or other inquiries will be directed. You may have access to a Voice Over Internet Protocol ("VOIP") line from which you will be able to communicate with customers. All business telephone numbers, directory listings and customer information will be retained by us upon expiration and termination of the Franchise Agreement. You may not utilize any telephone numbers, other than the numbers we identify and designate, in connection with your operation of the Heyday Shop

## 10. MANUAL

(A) We will loan you during the term of this Agreement, or make available to you via other means (internet, intranet, etc.) one copy of our Manual, which may include electronic media, and information distributed electronically and/or written materials or allow you access to the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Heyday Shop and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards.

(B) You agree to keep your copy (or access) of the Manual and/or any passwords and/or log-in information with respect to web-based or electronic copies thereof current and in a secure location at your Heyday Shop. If there is a dispute over the contents of the Manual, our master copy of the Manual controls. You agree that the contents of the Manual are confidential and that you will not disclose the Manual to any person other than employees of your Heyday Shop who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. If your copy of the Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us, for which we may charge you our then applicable printing or copying charge. This charge is for our direct costs, and is not related to any value that we place on the Confidential Information (defined in Section 18(A). below).

(C) At our option, we may post some or all of the Manual on a restricted Website (intranet or extranet) to which you will have access. If we do so, you agree to monitor and access the Website for any updates to the Manual or System Standards. Prior to accessing any online training instructional system, you must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Manual on a website, intranet, extranet or other online training instructional system will be deemed to be part of the Confidential Information.

## 11. TRAINING AND ASSISTANCE

### (A) Initial Training Program

(1) Three or four months before you open your Heyday Shop, you (or the Operating Principal of Franchisee if Franchisee is an entity) and your Shop Educator must complete, to our satisfaction and certification, our initial training program, which will address the material aspects of operating a Heyday Shop. If you obtain an operating Heyday Shop by transfer from another Heyday Shop franchisee, you must complete this initial training program before you begin operating that business as a Heyday Shop. We will provide the initial training program

at our corporate headquarters in New York, New York, a designated training facility of our choice and/or at an operating Heyday Shop. You agree to pay for all travel, living and other expenses which you (or your Operating Principal) and your employees incur and for your employees' wages and workers' compensation insurance while they attend the initial training program.

(2) We do not charge a fee for providing the initial training program to you, your Operating Principal and your Shop Educator who will be responsible for training your staff. Additional people may attend the Initial Training Program, subject to availability if you pay a fee \$1,000 per additional person attending the Initial Training Program (the "Additional Initial Training Program Fee"). If any individual who is required to receive our certification fails to successfully complete the initial training program and receive our certification, then that individual may repeat the program or you may send a substitute to complete the next available program. We reserve the right to charge you a fee for providing any subsequent training program to these individuals or for training any of your substitute personnel.

(3) All of your managerial and training personnel must receive our certification, prior to managing your Heyday Shop or training your staff. We may, at any time during the term of this Agreement, decertify any previously certified individual if we learn or determine that a person is no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete training or a re-training program to receive our certification.

(B) Training by You

(1) You must conduct such initial and continuing training programs for the staff of your Heyday Shop as we may require from time to time, including those training programs required in order for your staff members to be certified for the position(s) for which each staff member was hired. We will authorize you to open your Heyday Shop only after an adequate number of your staff members, as determined by us in our sole discretion, have attended and received certification in your initial training program.

(2) We may periodically visit your Heyday Shop to ensure that your training personnel continue to meet our standards. If we determine, in our sole discretion, that your training personnel are not adequately training your staff, then your training personnel and staff members designated by us must attend and successfully complete our initial training program. We may, in our sole discretion, determine that you are no longer qualified to train your own staff members. In that event your staff members will be required to attend our initial training program prior to beginning to work at your Heyday Shop. You will be required to pay a tuition fee for your training personnel and staff who we require to attend our training program in addition to paying all travel, living and other expenses incurred by your employees while attending the training program.

(C) Opening Training. We will send a representative to your Heyday Shop to assist with the grand opening of your Heyday Shop ("Opening Training"). The Opening Training will include no less than 3 days of on-site training for your staff members. You will not be required to pay any additional costs for any of the travel or living expenses incurred by our representative while providing the Opening Training to you. However, if you reschedule the opening of your Heyday Shop, you must reimburse us for any travel costs we incur in changing the travel schedules of our personnel. We will determine the hours of training for your staff members. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including fees for our personnel and their travel and living expenses.

(D) Ongoing Training

(1) We may require you and your personnel to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify including franchise meetings. Even if you

fail to attend, we can charge reasonable registration or similar fees for these courses and meetings ("Franchise Meeting Fee"). The Franchise Meeting Fee is currently between \$1,000 and \$2,000 per person. We may increase the Franchise Meeting Fee upon written notice to you.

(2) We require that your replacement training personnel satisfactorily complete our training programs within 90 days of being designated as training personnel. Replacement training personnel may: (a) attend the next training program offered by us; or (b) be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing your Heyday Shop or training your staff. Currently, the fees associated with the training of a replacement manager or Shop Educator is \$3,000 per person participating in the training program. You agree to pay all travel and living expenses incurred by you and your employees and/or our employees during all training courses and programs.

(3) We may also require you and/or your managers and employees to complete additional training if we believe, in our reasonable discretion, that you require additional training to operate your Heyday Shop to our standards. ("Remediation Training"). Remediation Training will occur, in our discretion, either at your Heyday Shop, at a Heyday Shop selected by us, or at our corporate headquarters in New York, New York. The current cost of Remediation Training is \$300 per day plus reasonable travel expenses incurred by our employees if we are required to travel in connection with providing the Remediation Training.

(E) Shop Educator Training. In addition to completing the Initial Training Program, you are required to hire an experienced esthetician trainer as your Shop Educator. Your Shop Educator should be hired no later than 12 weeks prior to opening. You must send your Shop Educator to the nearest training Shop for Shop Educator training that will last approximately 1-2 weeks. The Shop Educator that you hire will be trained upon proper facial techniques, product and tool utilization, and philosophies on proper training techniques to the estheticians that you hire for your Shop. We do not charge a training fee for your initial Shop Educator training. However, should you replace the Shop Educator, the newly hired Shop Educator must attend our training and you will pay us \$2,500 per training session. Once selected, the Shop Educator will receive approximately 120 hours of training which should be conducted in one of our corporate Shops and in your local market Shop.

(F) General Guidance. We will provide ongoing advice and consultation to you regarding the operation of your Heyday Shop through the Manual, bulletins or other written materials, electronic media, telephone, and in person.

## 12. SYSTEM STANDARDS

### (A) Compliance with System Standards

(1) You acknowledge that each and every detail of the appearance, layout, décor, cleanliness, safety standards, services and operation of your Heyday Shop is essential to us and to other Heyday Shop franchisees to preserve the goodwill of the Marks and all Heyday Shops. You agree to cooperate with us by operating and maintaining your Heyday Shop safely and securely and according to all of our System Standards (whether contained in the Manual or another written communication to you), as we periodically modify and supplement them. You agree that System Standards we prescribe in the Manual, or otherwise communicate to you in writing or another tangible form (for example, via a website, intranet or extranet), are part of this Agreement as if fully set forth within its text.

(2) We periodically may modify the System (including System Standards) and these modifications may obligate you to invest additional capital in your Heyday Shop and/or incur higher operating costs. We may require you to integrate new, updated services and products into your Heyday Shop. You agree to accept, integrate and use or display in your Heyday Shop any such changes or modifications to the System as if they were a part of the System at the time this Agreement was executed, and you agree to make such expenditures

as the changes or modifications in the System may reasonably require. This includes but is not limited to refurbishing or remodeling the Premises or any other aspect of your Heyday Shop, hiring additional personnel, buying new equipment, adding new services and products, or otherwise modifying the nature of your operations, as if those changes or modifications were part of the System as of the Effective Date.

(3) If you or your owners, employees, designees, or independent contractors develop any new concepts, treatments, services, products, processes or improvements relating to the System, you promptly shall notify us and provide us with all information regarding the new concept, treatments, services, products, processes or improvements, all of which shall become our property and which may be incorporated into the System as a “work made for hire” without any payment to you or your owners, employees, designees or independent contractors. If any designee or independent contractor develops any new concepts, processes or improvements relating to the System on your behalf, you shall obtain covenants that you own (as a “work made for hire”) such concepts, processes or improvements (and all components) and have the right to transfer to us such concepts, processes or improvements. You, at your own expense, promptly shall take all actions deemed necessary or desirable by us to vest in us ownership of such concepts, processes or improvements. To the extent that any item does not qualify as a “work made-for-hire” for us, by this Section you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item. We will make no payment to you for any such item, or for our subsequent use (or our franchisees’ subsequent use) of such item.

(4) Approved Products, Services, Distributors and Suppliers

(a) You acknowledge that the reputation and goodwill of Heyday Shops are based upon, and can only be maintained by, the delivery of high quality services and products under the Marks. You agree that you will at your Heyday Shop: (a) provide all services and products that we specify from time to time and only in the manner we prescribe; (b) not provide any services or products we have not approved; (c) offer for sale and sell all products only at retail and from the Premises and you will not offer or sell any products at wholesale or transfer products to any other business or other business not operating under the System; and (d) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing, provided, however, that you may continue to sell discontinued products for up to 3 months after their discontinuance unless we determine that they are a public hazard or are detrimental to the public image of our System. You will also immediately stop providing any service if we determine that it is a public hazard or detrimental to the public image of our System.

(b) We may develop certain proprietary or branded products that will be prepared by or for us or our affiliates according to our proprietary designs (collectively “Proprietary Products”). We also have developed standards and specifications for other products, materials and supplies incorporated or used in providing services and the packaging and delivery of products authorized for sale at Heyday Shops. You agree that you will: (a) purchase those Proprietary Products only from us or a third party designated and licensed by us to prepare and sell such products (collectively “Designated Suppliers”); and (b) purchase from manufacturers, distributors, vendors and suppliers approved by us (collectively “Approved Suppliers”) all other goods, products, materials and supplies (collectively “Goods”), as well as advertising materials furniture, fixtures, equipment, forms, or retail skincare products, professional skin and body care, and supplies associated with providing the Heyday Services at your Heyday Shop (collectively “Materials”) that meet the standards and specifications promulgated by us from time to time. We have the right to require that you use only certain brands (collectively “Approved Brands”) and to prohibit you from using other brands. We may from time to time modify the list of Approved Brands (including certain skincare products), and you will not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand.

(c) We may from time to time modify the list of Designated Suppliers and/or Approved Suppliers, and you must not, after receipt of such modification in writing, order any Proprietary Products

from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only as to certain Goods or Materials. We reserve the right to charge Designated Suppliers a license fee for the right to manufacture Proprietary Products for use in a Heyday Shops.

(d) From time to time, we and our affiliates may receive payments from suppliers (including Designated Suppliers and Approved Suppliers) on account of such suppliers' dealings with you and other franchisees, and may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Heyday Shops or any other group of businesses franchised or operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us.

(e) If you propose to purchase any Goods or Materials (that you are not required to purchase from us, an affiliate of ours or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. A charge not to exceed the lesser of \$5,000 and the reasonable cost of the inspection and the actual cost of the tests must be paid by you. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

(f) You must at all times maintain an inventory of approved Goods and Materials sufficient in quality and variety to realize the full potential of your Heyday Shop. We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in our customer surveys and market research programs if requested by us. All customer surveys and market research programs will be at our sole cost and expense or charged to the Brand Fund, unless such survey or program has been approved by you and you have approved its proportionate cost. You must not test any new product or service without first being requested to by us and signing a test letter agreement in a form satisfactory to us.

(g) You must utilize our Approved Supplier of music at your Heyday Shop at your expense.

(h) We and our affiliates disclaim all express or implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability. You acknowledge that we and our affiliates may, under appropriate circumstances, receive fees, commissions, rebates, royalties, or other consideration from suppliers based on sales to you and we may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may charge non-approved suppliers reasonable testing or inspection fees.

## (B) Shop Systems

(1) You agree to purchase from us, or a vendor of our choice, and use the Shop Systems we specify, which includes such equipment, computer hardware, routers, high speed Internet and/or communications connections, printers and related accessories or peripheral equipment as we specify in the Manual or otherwise. The Shop Systems include web-based scheduling, reservation, and Payment Systems. You must provide all assistance,

maintenance, and support required to utilize the Shop Systems at your Shop. You agree that any data and information generated, collected, retrieved, maintained, or polled from your Shop Systems belongs to us. You must maintain and use a Heyday Shop email address that we assign to you.

(2) You acknowledge that the Shop Systems are designed to accommodate a finite amount of data and operate with certain performance parameters, and that, as these limits are reached, or as technology or software is developed in the future, we may, in our sole discretion, mandate that you (at your expense): (a) add memory, accessories or peripheral equipment or additional, new or substitute software to the your computers and related hardware and software; and (b) replace or upgrade the Shop Systems with a larger system capable of assuming and discharging the computer-related tasks and functions specified by us. You acknowledge that that we may desire to make substantial modifications to the Shop Systems or to require installation, subscription, or adoption of entirely different systems during the term of this Agreement. Within 60 days after you receive notice from us, you agree to obtain, subscribe, download, and/or install the new or updated systems that we designate. If we install these components for you, you must pay our then-current installation fees and any travel, living and other expenses incurred by our personnel.

(3) You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the term of this Agreement.

(4) You must obtain a maintenance service agreement with an Approved Supplier of technology support services and use and maintain the Shop Systems according to our System Standards, you will have sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of the Shop Systems; (b) the manner in which your Shop Systems interface with our and any third party's computer system; and (c) any and all consequences if the Shop Systems is not properly operated, maintained, and upgraded. You may not install any software (including, but not limited to, virus and spam filters and firewalls) other than authorized upgrades, or make any hardware modifications to the Shop Systems without our express written consent.

(5) To ensure full operational efficiency and communication capability between our computers and your computer, you agree, at your expense, to keep your computer in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as directed by us, and on the dates and within the times specified by us in our sole discretion. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media must be returned to us in good operating condition, excepting normal wear and tear.

(C) Payment Systems.

(1) You must accept all forms of payment that we specify including but not limited to membership credits or points, electronic payment systems, digital payment systems, debit cards, credit cards, stored value, loyalty cards, gift cards or other payment systems specified by us or as set forth in our Manual to enable customers to purchase products and services.

(2) You must participate in and honor the terms of any membership, discount, loyalty or promotional program (including gift card, loyalty, and discount programs that are applicable to the Heyday Shop System as a whole, specific markets or certain Heyday Shops only) that we offer to the public on your behalf and shall be responsible for the fees payable in conjunction with the operation of these programs. You agree that you

will take all action necessary (including the supply to us of all information and the purchase of any supplies, equipment or services) to participate in any discount or promotional programs.

(D) Condition and Appearance of your Heyday Shop.

(1) You must routinely maintain and continuously operate your Heyday Shop and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. In that regard, you agree to undertake, without limitation, the following actions during the term of this Agreement: (a) frequent safety inspection of the Premises including, but not limited to, all equipment, tables, products and other items used in the operation of your Heyday Shop; (b) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at intervals we prescribe including resurfacing of the parking lot, roof repairs, and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor; (c) interior and exterior repair of the Premises; and (d) repair or replacement of damaged, worn out, obsolete or unsafe equipment.

(2) You will place or display at the Premises (interior and exterior) only those signs (including neon), emblems, photographs, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve. You must not make any material alterations to your Heyday Shop that may, in our reasonable discretion, negatively impact operations or the image of the System without our prior written consent. It is your responsibility to keep the Premises, equipment used at the Premises, your staff and your customers safe and secure. We may from time to time provide information to you regarding safety and security, but we have no obligation to do so.

(3) If, at any time in our reasonable judgment, the general state of repair, condition, appearance or cleanliness of the Premises of your Heyday Shop or its fixtures, furnishings, equipment or signs does not meet our System Standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have 30 days to make these corrections. If you do not initiate action to correct such deficiencies within this 30 day period, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection. If we make a reasonable determination that the continued operation of your Heyday Shop by you will result in imminent danger to public health or safety, we may terminate this Agreement pursuant to Section 19(A)(10) or, in our sole discretion, we may require you to close your Heyday Shop temporarily to make the necessary repairs or alterations.

(4) Upon receipt of notice from us, you agree to remodel, expand, redecorate, reequip and/or refurbish the Premises and your Heyday Shop to conform your Heyday Shop to the image of the System for new Heyday Shops. If any single modification exceeds \$50,000, then you will have 6 months to comply with such modifications. Except as described below, we will not require a major redesign of your Heyday Shop that will cost more than \$30,000 more than twice during the Initial Term of this Agreement. In the event we determine, in our sole discretion, that you cannot amortize the cost of the major redesign over the remaining years of the Initial Term, we may agree to extend the Initial Term of this Agreement. If a major redesign of the Premises is required by the Americans with Disabilities Act or any new safety standards that are enacted by Heyday Franchise or any governmental or regulatory agency, you will be required to complete that redesign, regardless of the cost of compliance.

(E) Maximum Operation of your Heyday Shop.

(1) During the term of this Agreement, you must use the Premises solely for the operation of your Heyday Shop and you must maintain sufficient inventories, adequately staff each shift with qualified

employees and continuously operate your Heyday Shop at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manual or as we otherwise prescribe in writing. As of the Effective Date, your Heyday Shop must be open and available for services and products as well as customer service calls seven (7) days and 80 hours per week.

(2) You must immediately resolve any customer complaints regarding the quality of service, products and/or cleanliness of your Heyday Shop or any similar complaints. When any customer complaints cannot be immediately resolved, you must use best efforts to resolve the customer complaints as soon as practical and you must, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

(3) Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of your Heyday Shop and any other licenses applicable to your management and personnel. You must operate your Heyday Shop in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You must notify us in writing within 5 days of the commencement of any proceeding or the issuance of any decree of any court or government agency that may adversely affect the operation of your Heyday Shop or your financial condition or give rise to liability or a claim against you or us. You must follow and abide by the crisis management information contained in the Manual.

(F) Management and Staffing of your Heyday Shop.

(1) Your Heyday Shop must at all times be under the on-premises supervision of you or your Operating Principal, Business Manager or a manager of your Heyday Shop that we have approved and who has completed and been certified by our initial training program. You must keep us informed at all times of the identity of any supervisory employee(s) acting as managers of your Heyday Shop. Your managerial personnel must devote their full time and best efforts to the management and supervision of your Heyday Shop.

(2) You, your Operating Principal, and/or Business Manager must manage and provide general oversight of your Heyday Shop. You or your Operating Principal must remain active in overseeing the operations of your Heyday Shop, including, without limitation, regular, periodic visits to your Heyday Shop and sufficient communications with us to ensure that the operations of your Heyday Shop comply with the System Standards promulgated by us from time to time in the Manual or otherwise in written or oral communications to you.

(3) If your Operating Principal does not meet our qualifications and requirements regarding skincare products and services experience, you will be required, prior to opening your Heyday Shop for business, to retain a Business Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Manual.

(4) Your Heyday Shop must at all times be operated by the number of staff members and managerial personnel that we designate or as required by any applicable government regulations. You must hire all employees of your Heyday Shop and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of your Heyday Shop, in human resources and customer relations. You must establish at your Heyday Shop a training program for all employees that meets our standards.

(5) You must conduct appropriate criminal background checks and due diligence on all employees of your Heyday Shop to determine that your employees meet the high ethical standards necessary for working in a skincare business that offers facial and other services for customers. You must comply with all state and local laws and regulations regarding the staffing and on-premises management of personnel including, but not limited to, any required licenses and any regulations dealing with providing skincare services. You must employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of Heyday Shops and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual.

(G) Insurance.

(1) You will be responsible for all loss or damage arising from or related to your development and operation of your Heyday Shop, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the Premises, or in connection with the development and/or operation of your Heyday Shop. You must obtain from a Heyday Franchise approved broker or carrier, and maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of your Heyday Shop, which shall include, at a minimum, the following:

(a) Comprehensive general liability insurance written on an occurrence form, including coverage for professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, and products liability, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate, \$1,000,000 personal and advertising injury, \$100,000 damage to premises rented to you. The general liability coverage shall be written on a primary and non-contributory basis and include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage as coverage must be maintained for such actions;

(b) Employment related practices liability insurance, including third party coverage, in an amount not less than \$1,000,000 per occurrence and \$1,000,000 aggregate. Such insurance must include a deductible of more than \$10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the effective date of your Franchise Agreement;

(c) Cyber liability coverage for liability resulting from a data breach or other identity theft or theft of personal information or your failure to comply with applicable security policies, guidelines, and laws, in an amount not less than \$1,000,000 per occurrence.

(d) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(e) Commercial umbrella or excess liability following form insurance in an amount not less than \$2,000,000 per occurrence and \$2,000,000 aggregate;

(f) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than twelve months. All property related

coverage shall be written on special causes of loss forms with deductibles not to be greater than \$5,000 per occurrence;

(g) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us.

(h) Such other insurance as may be required by us from time to time or by the Property Owner of the Heyday Shop premises at, and by the state or locality in, which the Heyday Shop is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

(2) The insurance policies described above must: (i) have a deductible equal to or less than stated above; and (ii) include a waiver of subrogation endorsement in favor of Franchisor; (iii) shall not exclude contractual liability. The Commercial General Liability coverage shall include a Waiver of Subrogation endorsement in favor of Franchisor, and shall not limit or exclude Contractual Liability. There should be no limitation or exclusion for sexual abuse or molestation coverage.

(3) The types and amount of insurance listed above represent the minimum coverage you are required to secure prior to opening your Heyday Shop. You may secure additional insurance. Additionally, local law and/or your Lease may require additional types of insurance and/or greater amounts of coverage. To the extent that your Lease requires additional policies and/or amounts of coverage, your Lease shall control although you are obligated to have each type of insurance identified above.

(4) All insurance policies must be purchased through an agent or broker on our Approved Supplier list and be written by an insurance company that meets our approval. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration.

(5) Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. At least 10 days prior to commencing construction of the Heyday Shop or 3 days before taking ownership of an existing open Heyday Shop and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence that you are maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the Heyday Shop, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus an administrative fee equal to 20% of the insurance premium that we paid on your behalf. The insurance policies described above must: (i) have a deductible no greater than \$10,000; and (ii) include a waiver of subrogation endorsement in favor of Franchisor; (iii) shall not exclude contractual liability.

(6) These insurance policies must name us and any affiliates that we designate and our and their respective officers and owners as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.

(7) At least 10 days prior to commencing construction of your Heyday Shop (or, if you are acquiring an existing Heyday Shop, 10 days prior to the transfer of ownership interests) and annually thereafter, you promise to submit to us a copy of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Heyday Shop on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

(H) Notification of Claims. You must notify us in writing as soon as possible but in each instance within 5 days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or occurrence of any accident or injury which may adversely affect the operation of your Heyday Shop or your financial condition or give rise to liability or a claim against you or us.

(I) Right to Inspect your Heyday Shop. You acknowledge and agree that we have the right upon reasonable notice to you, to inspect your Heyday Shop (the "Inspection"). Our right to inspect your Heyday Shop shall include the right to conduct reasonable inspections of your operations, marketing, safety systems and programs, financial systems, maintenance and necessary repairs of your Heyday Shop. A report and score may be generated as part of the Inspection. A copy of the report and score will be provided to you as well as to the Heyday Franchise corporate office. A failing score on an Inspection shall be a default of the Franchise Agreement and, subject to the terms of Section 19(B), be grounds for termination of the Franchised Agreement.

(J) Pricing. We may periodically impose a maximum price that you may charge for services or products. If we impose such a maximum price for any service or product, you may charge any price for the product or service up to and including the maximum price we impose.

### 13. MARKS

(A) Ownership and Goodwill. Your right to use the Marks is derived only from this Agreement and is limited to your operating your Heyday Shop at the Premises according to this Agreement and all System Standards we prescribe during the term of this Agreement. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Heyday Shop under this Agreement). You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

#### (B) Limitations on Your Use of Marks.

(1) You agree to use the Marks as the sole identification of your Heyday Shop, except that you agree to identify yourself as its independent operator in the manner we prescribe. Unless you obtain our prior written consent, you may not use any Mark, any derivatives of the Marks or similar mark: **(a)** as part of any corporate or legal business name; **(b)** with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); **(c)** in selling any unauthorized services or products; or **(d)** in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of your Heyday Shop or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at your Heyday Shop and on forms, advertising, supplies, and other materials we designate. You must ensure that the Marks bear the "®", "TM", or "SM" symbol, as we prescribe from time to time. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

(C) Use of Marks on Internet. You may not use the Marks on any Internet domain name, e-mail address, Internet Website, or social media platform without our prior written consent. We may grant or withhold our consent in our sole discretion. We may, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services ("Social Media Services"). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

(D) Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

(E) Discontinuance of Use of Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute Marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your Heyday Shop' signs or any printed collateral, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

(F) Indemnification for Use of Marks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with this Agreement, the Manual, and any other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

#### 14. YOUR ORGANIZATIONAL STRUCTURE

##### (A) Representations.

(1) If you are a corporation, a limited liability company or a partnership ("Entity"), you make the following representations and warranties: (a) you are duly organized and validly existing under the laws of the state of formation; (b) you are qualified to do business in the state, county, and city in which your Heyday Shop is located; (c) execution of this Agreement and the development and operation of your Heyday Shop is permitted by your governing documents; (d) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement must at all times provide that your activities are limited to the development and operation of Heyday Shops and other businesses operated by you that are franchised by us or our affiliates; and (e) all interests in you are owned as set forth in attached Exhibit 4; (f) each person owning 5% interest in Franchisee has executed a guaranty agreement (Exhibit 5) undertaking to be bound by the provisions of the Franchise Agreement.

(2) If you are an individual, a group of individuals, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (a) each individual has signed this Agreement; (b) each individual will be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, each individual will continue to be jointly and severally bound by, and

personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

(B) **Governing Documents.** If you are an Entity, then you must provide to us copies of your organizational and governing documents (“governing documents”). When any of these governing documents are modified or changed, you must promptly provide copies to us. You must maintain a current list of all of your owners, members or partners (and the percentage ownership of each owner, member or partner). You must comply with Section 16(B). prior to any change in ownership interests and sign and deliver to us a revised Exhibit 4 to reflect any permitted changes in the information that Exhibit 4 now contains. If you are an Entity, you must maintain stop-transfer instructions against the transfer on your records of any voting securities, membership interests or ownership interests. If you are a publicly-held corporation these requirements will apply only to the stock owned by your shareholders who have an ownership interest in you in excess of 10%.

(C) **Personal Guaranty.** Each of your owners who hold an ownership interest in you of more than 5% at any point during the term of this Agreement must sign a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as Exhibit 5. As required by applicable law, your spouse will be required to sign the Guaranty or consent to your execution of it.

(D) **Operating Principal.**

(1) If you are owned by more than one individual or you are an Entity, you must designate and retain an individual (which may be one of your owners) to serve as your Operating Principal. The Operating Principal as of the date of this Agreement is identified in Exhibit 4. The Operating Principal, at all times, must have at least a 20% equity ownership interest in you and must be responsible for overseeing and supervising the operation of your Heyday Shop. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent.

(2) The Operating Principal must successfully complete and receive our certification in our initial training program and any additional training that we require. The Operating Principal must devote full-time and best efforts to supervising the operation of your Heyday Shop and those other businesses (that are franchised by us or our affiliates) operated by you in the same geographic area as your Heyday Shop and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility. The Operating Principal must maintain her primary residence within a reasonable driving distance of your Heyday Shop.

(3) If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Your designee to become the Operating Principal must successfully complete our initial training program and any additional training we require within 30 days after being designated as your Operating Principal.

(4) If your Operating Principal does not meet our qualifications and requirements, you will be required, prior to opening your Heyday Shop for business, to retain a Business Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Manual.

(E) **Business Manager.** Your Business Manager must devote full time and best efforts to the management and supervision of your Heyday Shops and must not engage in any other business or activity, other than operation of your Heyday Shops that requires substantial management responsibility. The Business Manager must be approved by us and must successfully complete and be certified in our training programs. If the Business Manager no longer qualifies as such, you must designate another qualified person to act as Business Manager within

30 days after the date the prior Business Manager ceases to be qualified. Your designee to become the Business Manager must successfully complete and be certified by us in the initial training program and any additional training that we require within 30 days after being designated as your Business Manager.

15. **TRANSFER BY US.** We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent. After our transfer or assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

16. **TRANSFER BY YOU**

(A) **Transfer Generally.** You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual or Entity which directly or indirectly controls you may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, this Agreement, the Franchise, your Heyday Shop, the Assets of your Heyday Shop, the Premises, the Lease or any other assets pertaining to your operations under this Agreement (collectively "Transfer") without our prior written consent. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having our prior written consent will have no effect with regard to us and will constitute a material breach of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the breach.

(B) **Conditions for Approval of Transfer.**

(1) You must advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by us, relating to the proposed Transfer. Along with that required information, you must pay to us a transfer fee equal to 50% of our then-current Initial Franchise Fee if transferring to an existing Heyday franchisee; 75% of our then-current Initial Franchise Fee, if transferring to a new franchisee ("**Transfer Fee**"). The Transfer Fee is non-refundable, however, if the proposed Transfer transaction does not close, then we shall apply the Transfer Fee against the transfer fee for any subsequent Transfer that you close within the 12-month period following your initial Transfer application. If we do not exercise our right of first refusal (as set forth in Section 16(G)), the decision as to whether or not to approve a proposed Transfer will be made by us in our sole discretion and will include numerous factors deemed relevant by us. These factors may include, but will not be limited to, the following:

(2) the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your Heyday Shop;

(3) you have paid all amounts owed to us, our affiliates, and third party vendors and suppliers, have submitted all required reports and statements, and are not in violation of this Agreement;

(4) neither the proposed transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business (as defined in Section 18(B)(1));

(5) the proposed transferee (or its Operating Principal) satisfactorily completes our initial training program (and any other required training programs we require) and pays any then-current training fees;

(6) the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises;

(7) you have corrected any existing deficiencies of your Heyday Shop of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your Heyday Shop in accordance with our then current requirements and specifications for Heyday Shops within the time period we specify following the effective date of the Transfer (we will advise the proposed transferee before the effective date of the Transfer of the specific actions that are required and the time period within which such actions must be taken);

(8) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Heyday Shop are subordinate to the transferee's obligation to pay Royalties, Brand Fund contributions, and other amounts due to us, our affiliates, and third party suppliers and vendors and otherwise to comply with this Agreement;

(9) you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees, and agents; and

(10) you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed Transfer.

(11) If we approve a proposed Transfer, prior to the Transfer becoming effective:

(a) If the franchise candidate for the Transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.

(b) you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete Exhibit 4 as required by Section 14(B). and all individuals who hold or will hold an ownership interest in Franchisee of more than 5% must sign the guaranty attached as Exhibit 5;

(c) the proposed transferee must sign our then-current license agreements or service agreements related to the Shop Systems; and

(d) you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer.

(12) Following the effective date of the Transfer:

(a) you and your transferring owners agree not to engage in any of the activities proscribed Section 18(B). below, for the Restricted Period in the Restricted Area; and

(b) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Heyday Shops you own and operate) identify yourself or themselves or any business as a current or former Heyday Shop or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Heyday Shop in any manner or for any purpose; or utilize for any purpose any trade

name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

(C) **Transfer for Convenience of Ownership.** If you are an individual or a partnership and you would like to Transfer this Agreement to a corporation or limited liability company formed exclusively for the convenience of ownership, the requirements of Section 16(B). will apply to such a Transfer; however, you will not be required to pay a Transfer Fee. Our approval also will be conditioned on the following: (1) the corporation or limited liability company must be newly organized; (2) prior to the Transfer, we must receive a copy of the documents specified in Section 14(B). and the transferee must comply with the remaining provisions of Section 14; (3) you must own all voting securities of the corporation or membership interests of the limited liability company or, if you are owned by more than one individual, each person must have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer; and (4) you and your owners must agree to remain personally liable under this Agreement as if the Transfer to the corporation or limited liability company did not occur.

(D) **Transfer upon Your Death or Permanent Incapacity.** If the Transfer is a transfer of ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of one of your owners, that person's executor, administrator or other personal representative must apply to us in writing within 90 days after death or declaration of disability for consent to Transfer this person's interest to a third party that we have approved. We do not charge a Transfer Fee under this Section 16(D). That Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and is subject to all of the terms and conditions in this Section 16. A failure to Transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period will constitute a breach of this Agreement.

(E) **No Rights to Grant a Security Interest.** You may not grant any security interest in your business entity, your Heyday Shop, the Premises or the Assets without our prior written consent. Our approval may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we will have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of the fair market value of the secured assets.

(F) **Effect of Consent to Transfer.** Our consent to any Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Heyday Shop' or the transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand your and your transferee's full compliance with this Agreement.

(G) **Our Right of First Refusal.**

(1) We have the right, exercisable within 10 days after receipt of the notice specified in Section 16(B)(1) to send written notice to you that we intend to purchase the interest proposed to be transferred. We may assign our right of first refusal to someone else either before or after we exercise it. Our right of first refusal will not apply with regard to Transfers for Convenience of Ownership under Section 16(C). If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same consideration as the third-party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser, and the appraiser's determination will be final. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

(2) If a Transfer to which our right of first refusal applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraisers' determination of fair market value.

(3) If we elect not to exercise our rights under this Section 16(G), the transferor may complete the Transfer after complying with this Section 16. Closing on the Transfer must occur within 60 days of our election (or such longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was completed on terms substantially the same as those offered to us. You must provide to us copies of all fully-executed agreements and any other information we request relating to the Transfer.

(H) Public Offering. Securities or partnership interests in you may be sold, by private or public offering, only with our prior written consent (whether or not our consent is required under any other provision of this Section), which consent will not be unreasonably withheld. In addition to the requirements of Section 16(B), prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you at your expense, must deliver to us a copy of the offering documents. You, at your expense, also must deliver to us an opinion of your legal counsel and an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our affiliates. The indemnification provisions of Section 23 shall also include any losses or expenses incurred by us and/or our affiliates in connection with any statements made by or on behalf of you in any public offering or private placement of your securities.

17. GENERAL RELEASE. You (on behalf of yourself and your subsidiaries and affiliates), all individuals who execute this Agreement and all guarantors of your obligations under this Agreement (collectively "Franchisee Releasers") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "Heyday Franchise Releasees"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "Released Claims"), which you or any Franchisee Releaser now own or hold or may at any time have owned or held, including, without limitation, Released Claims arising under federal, state and local laws, rules and ordinances, and Released Claims arising out of, or relating to this Agreement and all other agreements between you or any Franchisee Releaser and any Heyday Franchise Releasee, the sale of a franchise to you or any Franchisee Releaser, the development and operation of your Heyday Shop and the development and operation of all other Heyday Shops operated by you or any Franchisee Releaser that are franchised by any Heyday Franchise Releasee. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document or its exhibits or otherwise impair or affect any Released Claims arising after the date of this Agreement. You (on behalf of the Franchisee Releasers) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HER SETTLEMENT WITH THE DEBTOR.

## 18. COVENANTS

(A) Confidential Information. During and after the Term, you may not communicate, divulge or use for any purpose other than the operation of your Heyday Shop any Confidential Information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of your relationship with us (“Confidential Information”). You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your Heyday Shop. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and key employees and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements.

### (B) Restrictions.

(1) You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Heyday Shops if our franchisees were permitted to hold interests in “**Competing Businesses**” (which are defined as businesses that sell or provide skincare services and retail skincare products). You acknowledge that restrictions on your right to hold interests in, or perform services for Competing Businesses will not hinder your activities. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

(2) You therefore agree that, during the term of this Agreement and for the “Restricted Period” following the expiration or earlier termination of this Agreement, you and your owners will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business; or

(b) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Heyday Shop to a Competing Business.

(3) For purposes of this Agreement, the term “Restricted Period” shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

(4) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 18(B). During the Restricted Period, these restrictions will apply at the Premises; within

the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Heyday Shop in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement (the "Restricted Area"); or (ii) the date on which all persons restricted by Section 18(B) begin to comply with Section 18(B).

(5) If, at any time during the Restricted Period, you or your owners fail to comply with your obligations contained in this Section 18(B), that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 18(B). These restrictions also apply after Transfers, as provided in Section 16(B)(12) above. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 18(B).

(6) If any restriction in this Section 18(B) is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(7) You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

## 19. TERMINATION

(A) Termination by Franchisor Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement and the rights granted by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section 6(B) within 18 months of the Effective Date of this Agreement;

(2) you do not open your Heyday Shop within the time period prescribed in Section 6(B);

(3) you abandon or fail actively to operate your Heyday Shop for a period of three (3) or more consecutive days, unless you close your Heyday Shop for a purpose we approve in writing or because of Force Majeure, as defined in Section 25(C);

(4) you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Heyday Shop is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Heyday Shop is not vacated within 30 days following the order's entry;

(5) there is a material breach by you of any covenant or obligation set forth in Section 18;

(6) any Transfer that requires our prior written consent occurs without your having obtained that prior written consent;

(7) we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you;

(8) you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us;

(9) if an incident occurs at your Heyday Shop that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee;

(10) we make a reasonable determination that continued operation of your Heyday Shop by you will result in an imminent danger to public health or safety;

(11) you lose the right to occupy the Premises;

(12) you, the Operating Principal, your Business Manager or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our affiliates, the goodwill associated with the Marks, or the System;

(13) you, or your Operating Principal, your Business Manager and/or any management personnel of your Heyday Shop do not satisfactorily complete the initial training program (after we provide a second opportunity as provided in Section 11(A)(2));

(14) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your Heyday Shop; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your Heyday Shop; or (d) fail to pay when due any taxes or assessments relating to your Heyday Shop or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;

(15) you interfere with our relations with other franchisees, third parties and/or negatively impact our ability to operate and/or grant franchises under our System;

(16) you materially breach any representation or warranty set forth in Section 30;

(17) You fail to maintain all insurance policies required by Section 12(G) of this Agreement and/or you allow or communicate your intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate; or

(18) If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.

(B) Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 19(A) or 19(B)(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you will have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that you promptly begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 19(B)(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 19(B)(1), if you default in the payment of any monies owed to us or our affiliates when such monies become due and payable and you fail to pay such monies within five (5) days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

(3) Termination Following Inspection. We (or our designee) may periodically conduct inspections of your Heyday Shop to evaluate your compliance with the System and this Agreement. Following each Inspection, we will provide to you an Inspection report and Inspection score on the Inspection and those conditions at your Heyday Shop that must be rectified. If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the Inspection report for the prior Inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.

20. OBLIGATIONS UPON TERMINATION OR EXPIRATION

(A) Your Obligations. Upon termination or expiration of this Agreement:

(1) The rights granted to you in the Protected Area immediately will terminate, and we will have the right to operate, or license others to operate, Heyday Shops anywhere in the Protected Area;

(2) You and your owners must continue to abide by the covenants in Section 18;

(3) Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us and our affiliates all sums due and owing to us and our affiliates;

(4) You must immediately discontinue all use of the Marks in connection with your Heyday Shop and of any and all items bearing the Marks; remove the Marks from your Heyday Shop and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your Heyday Shop; cancel all advertising for your Heyday Shop that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your Heyday Shop that contain any Marks. You must comply with this Section 20(A) before any items bearing the Marks are offered for sale or auction by you or your Franchisors or lienholders;

(5) You must immediately cease using any of our Confidential Information (including the Shop Systems or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Shop

Systems, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;

(6) Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Heyday Shop that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from Heyday Shop;

(7) You agree to promptly notify social media platforms, and internet service providers of the termination or expiration of your right to use any URLs and domain names, or other numbers, names associated with any Mark; to authorize the transfer of these listings to us or to a third party, at our direction; and/or to instruct the domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to names, numbers or addresses we specify; and

(8) If we do not have or do not exercise an option to purchase the Assets of Heyday Shop under Section 21 below, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish your Heyday Shop clearly from its former appearance and from other Heyday Shops in order to prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.

(B) Evidence of Compliance. You must furnish to us, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by you or by your chief executive officer if you are a corporation; by your manager, if you are a limited liability company; or by your general partner, if you are a partnership) satisfactory to us of your compliance with Sections 20(A).

(C) Prohibition from Engaging in Future Conduct. Upon termination or expiration of this Agreement and your satisfaction of the covenants set forth in Section 18, you agree that you will not, except with respect to a business franchised by us or our affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with us or our affiliates or have any right to use the System or the Marks; (2) make, use or avail yourself of any of the materials or Confidential Information furnished or disclosed by us or our affiliates under this Agreement or disclose or reveal any such materials or Confidential Information or any portion of those materials or Confidential Information to anyone else; or (3) assist anyone not licensed by us or our affiliates to construct or equip a business substantially similar to a Heyday Shop.

(D) Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding the expiration or termination and until the obligations are satisfied in full or by their nature expire.

(E) No Exclusive Remedy. No right or remedy conferred upon or reserved to us in this Section 20 is exclusive of any other right or remedy provided or permitted by law or equity.

## 21. OUR OPTION TO PURCHASE CERTAIN ASSETS OF YOUR HEYDAY SHOP

(A) Scope. Upon the expiration or termination of this Agreement for any reason, we will provide written notice to you, within 30 days after the effective date of termination or expiration, if we intend to exercise our option to purchase from you some or all of the Assets. As used in this Agreement, the term "Assets" means and includes, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in your Heyday Shop, real estate interests (including the fee simple

rights or the Lease), and any licenses necessary to operate your Heyday Shop. We will have the unrestricted right to assign this option to purchase the Assets. We or our assignee will be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise.

(B) Purchase Price. The purchase price for the Assets (“Purchase Price”) will be their fair market value (or, for leased assets, the fair market value of your Lease), determined as of the effective date of purchase in a manner that accounts for customary depreciation and condition of the Assets; provided, however, that the Purchase Price will take into account the termination of this Agreement. Further, the Purchase Price for the Assets will not contain any factor or increment for any of the Marks, or other trademarks, service marks or commercial symbols used in connection with the operation of your Heyday Shop nor any goodwill or “going concern” value for your Heyday Shop. We may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a Heyday Shop or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

(C) Certified Appraisers. If we and you are unable to agree on the fair market value of the Assets within 30 days after your receipt of our notice of our intent to exercise our option to purchase the Assets, the fair market value will be determined by two professionally certified appraisers, one selected by you and one selected by us. If the valuations set by the two appraisers differ by more than 10%, the two appraisers will select a third professionally certified appraiser who also will appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) will be conclusive and will be the Purchase Price. The appraisers will be given full access to your Heyday Shop, the Premises and your books and records during customary business hours to conduct the appraisal and will value the Assets to be purchased in accordance with the standards of this Section 21. The appraisers’ fees and costs will be borne equally by you and us.

(D) Exercise of Option. Within 10 days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by so notifying you in writing (“Purchase Notice”). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase (“Closing”), which will take place no later than 60 days after the date of the Purchase Notice. For a period of 30 days after the date of the Purchase Notice (“Due Diligence Period”), we will have the right to conduct such investigations as we deem necessary and appropriate to determine: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Premises; and (4) the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise. You will give us and our representatives access to your Heyday Shop and the Premises at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with your operations of your Heyday Shop. Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title search, lien search, survey, environmental assessment or inspection. If you cannot or elect not to correct any such title defect, environmental objection, defect in the working condition of the Assets or any other objection, we will have the option to either accept the condition of the Assets as it exists or rescind our Purchase Notice, on or before the Closing.

(E) Premises Leased. If the Premises are leased, you agree to use reasonable efforts to effect a termination of the existing Lease for the Premises. If the Lease for the Premises is assigned to us or we sublease the Premises from you, we will indemnify and hold you harmless from any ongoing liability under the Lease from the date we assume possession of the Premises, and you will indemnify and hold us harmless from any liability under the Lease prior to and including that date.

(F) Premises Owned by You. If you own the Premises, we, at our option, may purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with you on terms comparable to those for which similar commercial properties in the area are then being leased; or remove the Assets from the Premises in a

manner consistent with the Lease Agreement. The initial term of the Lease between you and us under such circumstances must be at least 10 years, and the rent must be the fair market rental value of the Premises. If you and we cannot agree on the fair market rental value of the Premises, then local real estate appraisers (selected in the manner described in Section 21(C)) will determine the rental value.

## 22. RELATIONSHIP OF THE PARTIES

(A) Independent Contractors. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Heyday Shop personnel, and others as the owner of your Heyday Shop under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

(B) No Liability for Acts of Other Party. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of your Heyday Shop or the business you conduct under this Agreement.

(C) Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Heyday Shop, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

## 23. INDEMNIFICATION

(A) You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (“Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your Heyday Shop, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those claims alleged to be or found to have been caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction.

(B) For purposes of this Section 23, “claims” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this Section 23.

(C) This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section 23. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 23.

## 24. SEVERABILITY AND CONSTRUCTION

(A) Severability. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

(B) Alteration to Agreement by Rule of Law. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

(C) No Third Party Beneficiaries. Except as otherwise provided in Section 23, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us and you as the parties to this Agreement and our affiliates and such of our heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

(D) Interpretation. No provision of this Agreement should be interpreted in favor of, or against any party because of the party that drafted this Agreement.

(E) Our Discretion. Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or its right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other individual interest; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement.

## 25. CONSENTS, APPROVALS AND WAIVERS

(A) Consents. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us for that approval or consent, and any approval or consent received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

(B) Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another

effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) because of: any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Heyday Shops; the existence of agreements for other Heyday Shops which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction.

(C) Variance by Reason of Force Majeure. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) may not constitute Force Majeure.

26. ENTIRE AGREEMENT. We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, you and we will deal with each other in good faith. This Agreement and its attachments, the Manual, and the documents referred to in this Agreement constitute the entire, full and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and its attachments, the Manual, and the documents referred to in this Agreement (including our Franchise Disclosure Document). No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by you and us and executed in writing.

## 27. ENFORCEMENT

(A) Mediation. Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section 27(A) will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

(B) Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims

arising from the relationship between you and us will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your Heyday Shop is located.

(C) Consent to Jurisdiction and Venue. You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Heyday Shop is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

(D) Waiver of Certain Damages and Rights. You and we waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between us, we each will be limited to the recovery of actual damages sustained. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

(E) Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

(F) Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of this Agreement.

(G) Limitations of Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your Heyday Shop, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

(H) Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

28. MISCELLANEOUS

(A) Gender and Number. All references to gender and number will be construed to include such other gender and number as the context may require.

(B) Captions. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

(C) Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

(D) Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted will be the day or month of the designated action, event or notice. Days will be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically will be extended to the next day that is not a Saturday, Sunday or national holiday.

(E) Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

(F) Compliance with Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. The term "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, the rules, orders and guidelines promulgated by the Office of Foreign Assets Control ("OFAC") and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, will constitute good cause for immediate termination of this Agreement, as provided in Section 19(A)(14) above.

29. NOTICES AND PAYMENTS. No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and: (A) if to us, is sent to 100 Crosby Street, Suite 404, New York, New York 10012(Attn: Legal Department); or (B) if to you, is sent to the address and to the individual specified on Exhibit 4 or is sent to the Premises of your Heyday Shop. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first refusal of delivery) and may be: (1) delivered personally; (2) transmitted by facsimile or electronic mail to the e-mail address(es) or number(s) set forth above (or in Exhibit 4) with electronic confirmation of receipt; (3) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (4) mailed via overnight courier.

30. ACKNOWLEDGMENTS. You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgements and warranties will survive termination of this Agreement) that:

(A) you have independently investigated the Heyday Shop franchise opportunity and recognize that, like any other business, the nature of the business of Heyday Shops may, and probably will, evolve and change over time;

(B) an investment in a Heyday Shop involves business risks that could result in the loss of a significant portion or all of your investment;

(C) your business abilities and efforts are vital to your success;

(D) attracting customers for your Heyday Shop will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display and use of in-store promotional materials;

(E) you must maintain a high level of customer service, and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards;

(F) you have not received from us or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Heyday Shop, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Heyday Shop;

(G) in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us;

(H) you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement;

(I) you have read this Agreement and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Heyday Shop, and to protect and preserve the goodwill of the Marks;

(J) you understand we may license others to operate businesses that offer, skincare services and retail products at Heyday Shops and other businesses with similar and different names and marks, and these businesses may operate in close proximity to your Heyday Shop;

(K) we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement;

(L) you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Heyday Shop franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests;

(M) you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so; and

(N) we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**HEYDAY FRANCHISE LLC**

**FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT 1  
TO THE HEYDAY SHOP FRANCHISE AGREEMENT**

**FRANCHISE INFORMATION**

1. **Location of the Heyday Shop (the "Premises") (Sections 2(A)):** The Heyday Shop will be located at: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If the Premises have not been approved in writing by us as of the Effective Date, we will insert the address of the Premises after you execute a Lease, or otherwise secure the approved site for your Heyday Shop.

2. **The Site Selection Area (Section 5(A)):** If the Premises have not been determined as of the Effective Date, we will identify the Site Selection Area on a map attached to this Exhibit 1. Your rights in the Site Selection Area are subject to the limitations described in Section 5 of the Franchise Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries and will terminate immediately, without any further action, upon your identification of a Premises for your Heyday Shop.

3. **The Protected Area shall be reflected on a map titled PROTECTED AREA attached to this Exhibit 1.**

4. **The Initial Franchise Fee (Section 7(A)):** \$50,000.

**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_

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

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

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

**SITE SELECTION AREA**

Your rights in the Site Selection Area are subject to the limitations described in Section 5(A) of the Franchise Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

**The Site Selection Area is depicted in the map above:**

**FRANCHISEE**

**HEYDAY FRANCHISE LLC**

**Initials:**

**Initials:**

**PROTECTED AREA**

Your rights in the Protected Area are subject to the limitations described in Section 3(A) and 3(B) Any boundaries contained in the description of the Protected Area will be considered fixed as of the date that you execute a Lease.

If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

**The Franchised Location is:** \_\_\_\_\_

**The Protected Area is the geographic area contained within a \_\_ mile radius of \_\_\_\_\_  
(as reflected in the map below).**

**IN WITNESS WHEREOF, the parties have executed this exhibit on:** \_\_\_\_\_.

**Franchisee’s Protected Area is depicted in the map above:**

**FRANCHISEE**

**HEYDAY FRANCHISE LLC**

**Initials:**

**Initials:**

**EXHIBIT 2**  
**TO THE HEYDAY SHOP FRANCHISE AGREEMENT**  
**FORM OF COLLATERAL ASSIGNMENT OF LEASE**

THIS COLLATERAL ASSIGNMENT OF LEASE (“Assignment”) is entered on \_\_\_\_\_, 201\_\_ between Heyday Franchise LLC, a Delaware limited liability company (“Franchisor”), and \_\_\_\_\_ (“Franchisee”) located at \_\_\_\_\_, and \_\_\_\_\_ (“Landlord”), located at \_\_\_\_\_.

Subject to the provisions of this Assignment, Franchisee, to secure its obligations to Franchisor to affect various provisions of the Franchise Agreement dated \_\_\_\_\_ between Franchisor and Franchisee (“Franchise Agreement”), and for other reasons, hereby assigns, transfers and sets over unto 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 dated \_\_\_\_\_, \_\_\_\_ (“Lease”), as attached to this Assignment for the Premises located at \_\_\_\_\_, between Franchisee and Landlord, respecting that property commonly known as the Heyday Shop (“**Heyday Shop**”). Franchisor shall 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 Franchisor, in its reasonable discretion, takes possession of the Heyday Shop pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption.

Franchisor will not take possession of the Heyday Shop until and unless Franchisee defaults, and/or receives notice of default, (and/or until there is a termination, cancellation or rescission of Franchisee's rights) under the Lease, any sublease, Franchise Agreement, any other document or instrument, or otherwise. In such event, Franchisor (or its designee) shall have the right (but not the obligation) to take possession of the Heyday Shop, expel Franchisee from the Heyday Shop, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the Heyday Shop, all such rights thereby passing to Franchisor or its designee, in each case without Landlord's further consent. Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request.

Franchisee agrees that it 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 agrees that it shall elect and exercise all options to extend the term of, or renew or assume in bankruptcy, the Lease not less than 30 days prior to the last day that any option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisee fails to extend, renew, or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options 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.

Franchisor's failure to exercise any remedy hereunder shall not be construed or deemed a waiver of any of its rights hereunder. 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 shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Franchisee, and inure to the benefit of Franchisor, and their respective 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 (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one Franchisee, their obligations hereunder will be joint and several.

This document may be recorded by, and at the expense of, Franchisor.

**HEYDAY FRANCHISE LLC**

Signature: \_\_\_\_\_

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

Its: \_\_\_\_\_

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

**FRANCHISEE:** \_\_\_\_\_

Signature \_\_\_\_\_

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

Its: \_\_\_\_\_

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

**LANDLORD:** \_\_\_\_\_

Signature \_\_\_\_\_

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

Its: \_\_\_\_\_

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

[ATTACH COPY OF EXECUTED LEASE]

**EXHIBIT 3**  
**TO THE HEYDAY SHOP FRANCHISE AGREEMENT**  
**EDTA FORM**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS AND CREDITS**

\_\_\_\_\_  
\_\_\_\_\_  
(Name of Person or Legal Entity)  
(ID Number)

The undersigned depositor (“**Depositor**” or “**Franchisee**”) hereby authorizes Heyday Franchise LLC (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**” or “**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions. A voided check to the Depositor’s account must be included with this EDTA form.

_____ Depository	_____ Branch	
_____ City	_____ State	_____ Zip Code
_____ Bank Transit/ABA Number	_____ Account Number	

This authority is to remain in full and force and effect until 60 days after Franchisor has received written notification from Franchisee of its termination or expiration.

\_\_\_\_\_  
Depositor

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

Attach a voided check to Depositor’s account here.

**EXHIBIT 4  
TO THE HEYDAY SHOP FRANCHISE AGREEMENT  
LISTING OF OWNERSHIP INTERESTS**

**Effective Date:** This Exhibit 4 is current and complete as of \_\_\_\_\_

**1. Form of Ownership.**

**(a) Individual Proprietorship.** Your owner(s) (is) (are) as follows:

\_\_\_\_\_  
\_\_\_\_\_

**(b) Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. The following is a list of your directors, if applicable, and officers as of the Effective Date shown above:

**Name of Each Director/Officer**

**Position(s) Held**

\_\_\_\_\_  
\_\_\_\_\_

**2. Owners.** The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

**Owner's Name**

**Percentage/Description of Interest**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**3. Contact Information of Person to Receive Notice for You**

**4. Operating Principal.** Your Operating Principal is \_\_\_\_\_

**5. Business Manager.** If applicable, your Business Manager is \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

**EXHIBIT 5**  
**TO THE HEYDAY SHOP FRANCHISE AGREEMENT**  
**AGREEMENT TO BE BOUND AND TO GUARANTEE**

This Agreement to Be Bound and to Guarantee (**Agreement**), dated as of the date stated at the end of this Agreement, executed by the guarantors identified in Section 19 of this Agreement (each a “**Guarantor**”) in favor of **Heyday Franchise LLC**, doing business as **Heyday** (“**Franchisor**”).

WHEREAS, as an inducement for Franchisor to execute and deliver, and to perform its obligations under, that certain Franchise Agreement (“**Franchise Agreement**”), dated as of the date stated in Section 19 of this Agreement, by and between Franchisor and the Franchisee identified in Section 19 of this Agreement (“**Franchisee**”), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee to Franchisor and its affiliates (including, without limitation, obligations under the Franchisee Agreement (and the assignment of concession agreement, if applicable) executed in connection therewith) and to be bound by certain of the provisions contained in the Franchisee Agreement.

WHEREAS, Guarantor owns, directly or indirectly, a 5% or greater equity interest in Franchisee.

WHEREAS, Guarantor acknowledges and agrees that Franchisor will materially rely upon Guarantor’s obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the execution and delivery of the Franchisee Agreement by Franchisor, and the performance of Franchisor’s obligations thereunder, Guarantor agrees, for the benefit of Franchisor and its affiliates, as follows:

1. Guaranty. Guarantor unconditionally guarantees and promises to pay to Franchisor and/or its affiliates and to perform, for the benefit of Franchisor and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchisee Agreement as well as any other agreements executed by Franchisee in conjunction with the Franchisee Agreement, if applicable, executed in connection therewith and/or any other agreement with Franchisor or its affiliates.

2. Confidentiality.

(A) Guarantor acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets and other confidential and proprietary information, processes, materials and rights relating to the development, promotion and operation of the Heyday Shop (as defined in the Franchisee Agreement), including, without limitation, Franchisor’s Manual, method of operation, processes, techniques, formulae and procedures (collectively, the “**Proprietary Information**”). Guarantor further acknowledges that the **Proprietary Information** constitutes valuable trade secrets.

(B) Guarantor agrees not to use for any purpose, or disclose or reveal (and must cause all of Franchisee’s directors, officers and employees not to use for any purpose, or disclose or reveal), during the term of this Agreement or forever thereafter, to any person any contents of Franchisor’s Manual, any **Proprietary Information** or any other information relating to the operation of the Heyday Shop. Guarantor must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all **Proprietary Information**.

(C) Guarantor acknowledges that to breach her or her obligations under this Section 2 would cause damage to Franchisor and to Franchisor’s other franchisees and that Guarantor would be liable for this damage.

(D) Notwithstanding the foregoing, Guarantor may disclose Proprietary Information to a person who is bound by the confidentiality obligations to Franchisor and the covenants contemplated by Section 18 of the Franchisee Agreement, to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee.

(E) Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 2:

- (1) Information which is in the public domain as of the date of receipt by Franchisee;
- (2) Information which is known to Franchisee prior to the date of receipt by Franchisee;
- (3) Information which becomes known to the public without a breach of the provisions of this Section 2 of the Agreement or any other agreement executed in connection with the Franchisee Agreement; and
- (4) Information which is required by law to be disclosed or revealed, but only strictly to the extent required by law.

3. Covenant Not to Compete. Guarantor acknowledges and agree that: (1) pursuant to this Agreement, you will have access to the Confidential Information; (2) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (3) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (4) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Heyday Shops if our franchisees were permitted to hold interests in "Competing Businesses" (which are defined as businesses that provide skincare services and skincare retail products). Guarantor acknowledges that restrictions on his/her right to hold interests in, or perform services for Competing Businesses will not hinder his/her activities. Guarantor expressly acknowledges that he/she possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive Guarantor of the ability to earn a living. Guarantor therefore agrees that, during the term of the Franchise Agreement and for the "Restricted Period" following the expiration or earlier termination of this Agreement, Guarantor will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(A) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business;

(B) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Heyday Shop to a Competing Business;

(C) For purposes of this Agreement, the term "Restricted Period" shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated;

(D) During the term of the Franchise Agreement, there is no geographical limitation on the restrictions contained in this Section 2(E)(4). During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any

other Heyday Shop in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which you begin to comply with Section 2(E)(4) (the "Restricted Area");

(E) If, at any time during the Restricted Period, you fail to comply with your obligations contained in this Section 2(E)(4), that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 2(E)(4). These restrictions also apply after Transfers, as provided in the Franchise Agreement. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 2(E)(4); or

(F) If any restriction in this Section 2(E)(4) is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

4. **Restriction on Hiring.** Guarantor may not, during the term of this Agreement and for the one-year period after the expiration or termination of this Agreement for any reason, directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, Franchisor or otherwise), employ, hire or engage as an independent contractor or otherwise any person who is or was (at any time during the term of this Agreement) employed or engaged as an independent contractor or otherwise by Franchisor or any of its affiliates.

5. **Use of Name and Likeness.** Franchisor will be entitled to use the name, likeness and voice of Guarantor for purposes of promoting the franchise, Franchisor and its products, including, without limitation, all photos and audio and video recordings, and Guarantor hereby irrevocably consents thereto. Guarantor acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as moral rights, artist's rights, publicity rights or the like associated with such photos and audio and video recordings, and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

6. **Innovations.** Guarantor may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to the manufacturing, production, marketing and sale of customized professional skincare services, skincare retail products, or other similar services and products in connection with the Heyday Shop (the "Innovations"). Guarantor assigns any and all of its rights, title and interest in the Innovations, including, without limitation, any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

7. **Copyrights; Works-for-Hire; Solicitation.** All advertising and promotional materials generated by or for Franchisee or its officers, managers or employees for the Heyday Shop will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising and promotional materials are hereby assigned to Franchisor. In addition, Guarantor will cooperate in the protecting any items or materials suitable for copyright protection by Franchisor. Guarantor must not solicit other franchisees or Franchisees, or use the lists of franchisees and Franchisees, for any commercial or other purpose other than purposes directly related to the operation of the Heyday Shop.

8. **Guaranty of Payment.** This is a guaranty of payment and not of collection. This Agreement will remain in full force and effect until all amounts payable by Guarantor shall have been validly, finally and irrevocably paid in

full and all obligations to be performed by Guarantor shall have been validly, finally and irrevocably performed in full.

9. Waiver. Guarantor waives: (a) Any right to require Franchisor to (i) proceed against any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Franchisor may exercise or not exercise any right or remedy it has against Franchisee or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting Guarantor's liability hereunder; (b) any defenses from disability or other defense of Franchisee or from the cessation Franchisee's liabilities; (c) any setoff, defense or counterclaim against Franchisor; (d) any defense from the absence, impairment or loss of any right of reimbursement or subrogation or any other rights against Franchisee. Until Franchisee's obligations (except inchoate indemnification obligations) to Franchisor have been paid in full, Guarantor has no right of subrogation or reimbursement or other rights against Franchisee; (e) Any right to enforce any remedy that Franchisor has against Franchisee; (f) any rights to participate in any security held by Franchisor' (g) any demands for performance, notices of nonperformance or of new or additional indebtedness incurred by Franchisee to Franchisor. Guarantor is responsible for being and keeping itself informed of Franchisee's financial condition; (h) the benefit of any act or omission by Franchisor which directly or indirectly results in or aids the discharge of Franchisee from any of the obligations by operation of law or otherwise; (i) the benefit of California Civil Code Section 2815 permitting the revocation of this Guaranty as to future transactions and the benefit of California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2848, 2849, 2850, 2899 and 1432 with respect to certain suretyship defenses.

10. Subrogation. Guarantor hereby agrees that he will not exercise any rights of subrogation which he may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to Franchisor or its affiliates, and all obligations for the benefit of Franchisor or its affiliates, shall have been validly, finally and irrevocably paid and performed in full.

11. Reasonable Restraints; Remedies. Guarantor acknowledges that the covenants contained in this Agreement (including, without limitation, the territorial and time restraints) are reasonable and necessary and agrees that her failure to adhere strictly to the restrictions contained herein will cause substantial and irreparable damage to Franchisor, Franchisee and to Franchisor's other franchisees. In the event of any breach by Guarantor of any of the terms of this Agreement, Franchisor and/or Franchisee will be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor and/or Franchisee may be entitled. Guarantor agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's and Franchisee's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof, without the necessity of posting bond therefor or proof of actual damages.

12. Enforceability. If the scope of any restriction contained in this Agreement is too broad to permit the enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law, and Guarantor hereby consents and agrees that such scope may be judicially limited or modified accordingly in any proceeding brought to enforce such restriction. Each covenant contained in this Agreement is independent and severable and, to the extent that any such covenant shall be declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, such declaration will not affect the legality, validity or enforceability of any other provision contained herein or the legality, validity or enforceability of such covenant in any other jurisdiction.

13. No Waiver. No failure or delay on the part of Franchisor or its affiliates in exercising its rights hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right will be Deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive

of any other rights, powers, privileges or remedies provided by law.

14. Attorneys' Fees. Guarantor will pay reasonable attorneys' fees and expenses and all other costs and expenses that may be incurred by Franchisor or its affiliates in connection with enforcing this Agreement.

15. Delaware Law to Govern; Jurisdiction; Right to Jury Trial and Class Action Waived; Certain Damages Waived; Statute of Limitations.

(A) This Agreement will be governed by, and construed and enforced in accordance with, the law of Delaware, regardless of any conflict-of-law provisions to the contrary. Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Los Angeles County, California, and each party consents to the jurisdiction of those courts; provided, however, that Franchisor may seek to obtain injunctive relief in any court that Franchisor may select.

(B) GUARANTOR HEREBY WAIVES THE RIGHT TO A JURY TRIAL, WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION, AND WAIVES THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, GUARANTOR AGREES THAT ANY CLAIMS UNDER, ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE BROUGHT WITHIN TWO YEARS OF THE DATE ON WHICH THE UNDERLYING CAUSE OF ACTION ACCRUED, AND GUARANTOR HEREBY WAIVES ANY RIGHT TO BRING ANY SUCH ACTION AFTER SUCH TWO-YEAR PERIOD.

16. Binding Nature of Agreement. This Agreement will be binding upon Guarantor and her respective successors, heirs and assigns and will inure to the benefit of Franchisor, its affiliates and their respective successors and assigns.

17. Joint and Several. If more than one person signs this Agreement as a Guarantor, her, her or its obligation will be joint and several.

18. Entire Agreement; Amendment. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties. The provisions of Section 18 are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE**

Date of Franchisee Agreement: \_\_\_\_\_

Printed Name(s) of Guarantor(s): \_\_\_\_\_

\_\_\_\_\_

Name of Franchisee: \_\_\_\_\_

**GUARANTORS**

Signature: \_\_\_\_\_

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

(Print Name)

Date \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

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

(Print Name)

Date \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

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

(Print Name)

Date \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

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

(Print Name)

Date \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**CONSENT AND ACKNOWLEDGEMENT  
OF SPOUSE OF GUARANTOR**

The undersigned spouse of \_\_\_\_\_ (“Guarantor”) hereby consents to the execution of the foregoing Guaranty by his/her spouse and to be bound thereby to the extent of her interest in any assets or property of Guarantor and further agrees that their community assets shall be bound thereby. To the fullest extent permitted by law, each of the undersigned hereby acknowledges and agrees that the obligations incurred by him or her under the Guaranty are incurred in the interest of his or her marriage or family.

Signature: \_\_\_\_\_

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

(Print Name)

Date \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

## DEVELOPMENT RIGHTS AGREEMENT

**This Development Rights Agreement ("DRA")**, dated as of the date set forth on the last page of the DRA, by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company ("Franchisor"), and the party identified on the last page of the DRA ("Franchisee").

### RECITALS

**A.** Franchisor and Franchisee have signed that certain Franchise Agreement, dated as of \_\_\_\_\_ (the "First Franchise Agreement"), with respect to the operation by Franchisee of a Heyday Shop (the "First Shop");

**B.** Franchisee desires to develop, open, and operate additional Heyday Shops (the "Subsequent Shops") in a defined geographic area (the "Development Area"); and

**C.** Subject to the terms and conditions of the DRA, Franchisor is willing to grant additional Heyday Shop franchises to Franchisee.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in the DRA, and for other good and valuable consideration, the parties agree as follows:

**1. Grant of Option to Establish Additional Heyday Shops.** Subject to and in accordance with the terms of the DRA, Franchisor grants to Franchisee, and Franchisee accepts, an option to execute additional franchise agreements (each a "Franchise Agreement") to establish and operate additional Heyday Shops within the "Development Area" as described in Exhibit A in accordance with the development schedule (the "Development Schedule"):

(a) Subject to and in accordance with the terms of the DRA, Franchisee (and his Principals, directors, officers, managers and employees) will sign and deliver to Franchisor, in connection with each Shop:

(i) a fully executed Franchise Agreement and such other ancillary agreements; and

(ii) the remainder of the applicable Initial Franchise Fee of \$25,000 (\$25,000 for each Franchise Agreement will be credited from the Development Fee) and other fees required to be paid at the time that a Franchise Agreement is executed. The Franchise Fee is not refundable and will be used for our general purposes;

(iii) documents as Franchisor may then require in connection with the signing of Franchise Agreements in the form then being signed by new franchisees and will be subject to the terms of such Franchise Agreement (including, without limitation, the royalties, the advertising payments and other fees); and

**2. Development Fee.** The Development Fee is calculated by multiplying \$25,000 by the number of Subsequent Shops that you and we agree are to be opened in the Development Area. In connection with the execution of the DRA, Franchisee shall pay Franchisor a fee equal to \_\_\_\_\_ (the "Development Fee"). The Development Fee is deemed fully earned by Franchisor upon execution of the DRA in consideration of lost development opportunities and is nonrefundable under any circumstances. Upon execution of a Franchise Agreement with respect to a Subsequent Shop, Franchisee shall be obligated to pay Franchisor.

### 3. Royalties.

(a) Unless otherwise provided in the DRA, the royalties payable to us in conjunction with each Franchise Agreement and each Subsequent Shops will be set forth in the Franchise Agreement executed in conjunction with each Heyday Shop.

4. Notwithstanding anything contained in the DRA to the contrary, Franchisor may refuse to grant Franchisee a franchise or sign a Franchise Agreement or to allow Franchisee to open a Subsequent Shop contemplated by the DRA due to Franchisee's failure to satisfy (in Franchisor's sole discretion) all of the conditions set forth in Section 5 of the DRA. In such event, any Option Fee paid to Franchisor with respect to the Subsequent Shop(s) will not be refunded to Franchisee.

5. Conditions to Establishing Additional Heyday Shops. Franchisee acknowledges and agrees that it is critical for Franchisor to protect the Trademarks and to maintain a high quality of services and products provided under the Trademarks. Accordingly, Franchisee acknowledges that Franchisor has a significant interest in granting franchises only to persons who operate their Heyday Shops in accordance with the highest integrity and operational excellence, and agrees that Franchisee's right to establish and operate the Shops will be subject to the satisfaction (in Franchisor's sole discretion) of each of the following conditions:

(a) Franchisee must sign a Franchise Agreement with respect to each Subsequent Shop by the Commencement Date;

(b) At the time that Franchisee seeks to sign a Franchise Agreement with respect to a Subsequent Shop, Franchisee (and his Affiliates and their respective Principals, directors, officers, managers and employees) must not be in breach of his (or their) obligations under, or related to, the DRA, any Franchise Agreement or any other agreement with Franchisor or its Affiliates, and no fact or condition exists that, with the passage of time or the giving of notice, would constitute a breach;

(c) At the time that Franchisee seeks to sign a Franchise Agreement with respect to a Subsequent Shop, (i) all Heyday Shops operated by Franchisee (and all of his Affiliates) must be in full compliance with all operational and other requirements, rules and policies contained in Franchisor's Operation Manual and (ii) Franchisee must qualify (in Franchisor's sole discretion) for acceptance as a franchisee under Franchisor's then-current qualifications (including, without limitation, financial qualifications) for franchisees;

(d) Franchisee (and his Principals, directors, officers, managers and employees) signs and delivers to Franchisor, in connection with any such Subsequent Shop, the Franchise Agreement (and such other ancillary agreements and documents as Franchisor may then require in connection with the signing of Franchise Agreements) in the form then being signed by new franchisees and will be subject to the terms of such Franchise Agreement including, without limitation, the royalties, the advertising payments and other fees; and

(e) At the time that Franchisee seeks to sign a Franchise Agreement with respect to a Subsequent Shop, Franchisee must sign a general release of Franchisor and its Affiliates, in the form attached hereto as Exhibit A, or in such other form as Franchisor may then require. Franchisee agrees that if Franchisee fails to satisfy (in Franchisor's sole discretion) each of the above conditions, Franchisee will not be entitled to establish or operate the additional Heyday Shops contemplated by the DRA and that Franchisor will not be obligated to grant Franchisee any additional franchises or sign any additional franchise agreements with Franchisee; provided, however, that Franchisee's rights with respect to Subsequent Shops to which both Franchisee and Franchisor have previously signed Franchise Agreements will not be subject to the terms of this Section 5, but will be subject to the terms of those Franchise Agreements.

## 6. Location of Subsequent Shops.

(a) Franchisee must establish and operate each Subsequent Shop within the Development Area, subject to the approval of that location by Franchisor, which approval may not be unreasonably withheld. Franchisee assumes all costs, liabilities, expenses and responsibilities for locating, obtaining, financing and developing sites for Heyday, and for constructing and equipping Shops at those sites. The selection of a site and the development of a Heyday Shop at any site is the responsibility of Franchisee. The selection of a site by Franchisee is subject to our approval and must be in compliance with Franchisor's site selection procedures and its standards for demographic characteristics, parking, traffic patterns and the predominant character of the neighborhood, and other commercial characteristics of the site and any other factors Franchisor may consider relevant in reviewing a site selected by Franchisee. Franchisee must not enter into a binding commitment with a prospective seller or lessor of real estate with respect to the site for a Heyday Shop until Franchisor has approved the proposed site. Franchisee specifically acknowledges that the selection of a site by Franchisee in compliance with Franchisor's site selection procedures and the approval of a site by Franchisor does not constitute a representation, promise or guarantee by Franchisor that the site and the Heyday Shop to be operated at that site will be profitable or successful. Franchisee acknowledges that factors governing the success of a Heyday Shop are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Franchisee or to any other person or entity if a site approved by Franchisor fails to meet Franchisee's expectations for revenue or operational criteria.

(b) Subject to Section 6(c), if Franchisor desires to operate, or grant any other Person the right to operate, a Heyday Shop within the Development Area, Franchisor will provide to Franchisee written notice of the location at which Franchisor intends that Heyday Shop to be located (the "Initiating Notice"). If Franchisee provides to Franchisor, within ten (10) days after the date of the Initiating Notice, written notice of Franchisee's intent to sign the Franchise Agreement with respect to that Shop at the location specified in the Initiating Notice and that Franchise Agreement (and all other documents to be signed in connection therewith) is signed by Franchisee (and the balance of the franchise fee (and all other amounts payable in connection therewith) is paid) within 30 days after the date of the Initiating Notice, Franchisor will not operate, or grant any other Person the right to operate, a Heyday Shop at the location specified in the Initiating Notice. If Franchisee fails to satisfy either of those requirements, or the DRA is terminated, Franchisor will not be subject to the restrictions set forth in this Section 6(b). Notwithstanding the foregoing, if Franchisee fails to satisfy any of the conditions contained in Section 6 at the time that Franchisee's rights under this Section 6(b) would otherwise arise, Franchisor will not be subject to the restrictions set forth in this Section 6(b).

(c) Notwithstanding anything contained in the DRA to the contrary, including, without limitation, Section 6(b):

(i) Franchisor and/or its Affiliates may market, directly or indirectly, services and/or products (including, without limitation, identical, similar or other services and products) under the Trademarks (or under other trademarks) through channels of distribution other than Heyday Shops, including the Internet.

(ii) Franchisor may operate, or grant any other Person the right to operate, Heyday Shops within Special Locations (as such term is defined in your Franchise Agreement).

(iii) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar or other services and products) under the Marks (or under other trademarks) or otherwise on the Internet. Franchisee may not market his Heyday Shops or use the Trademarks on the Internet.

(iv) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar or other services and products) under the Marks (or under other trademarks) outside of the Development Area.

(v) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar or other services and products) under trademarks other than the Marks within the Development Area.

(d) Franchisee acknowledges that Franchisor presently intends to develop Franchised Businesses (including franchised and company-owned units) throughout the United States and perhaps internationally and that one or more future Franchised Businesses (including franchised and company-owned units) may have an adverse effect on the revenues and profitability of existing Franchised Businesses, including Franchisee's Franchised Businesses. Franchisee further acknowledges that Franchisor has not made any representation or agreement, or provided Franchisee any assurance, that no future Franchised Business (including franchised and company-owned units) would adversely affect the revenues and profitability of Franchisee's Franchised Businesses.

**7. Franchisee's Organization and Management.** Franchisee and each of its Principal Owners represent, warrant and agree that Exhibit B is current, complete, and accurate. Franchisee agrees that an updated Exhibit B will be furnished promptly to Franchisor, so that Exhibit B is at all times current, complete and accurate. Each person who is or becomes a Principal Owner must execute an agreement in the form Franchisor prescribes, undertaking to be bound jointly and severally by the terms of this Agreement.

(a) Franchisee must designate in Exhibit B as the "Operator" an individual approved by Franchisor who must:

(i) own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to Franchisor), not less than a five percent (5%) interest in its equity;

(ii) have the legal authority to bind Developer regarding all communications with Franchisor and operational decisions with respect to its Shops; and

(iii) if required by Franchisor, have completed Franchisor's training program to Franchisor's satisfaction.

**8. Non-Development Fee.** We may charge you a non-development fee of \$2,500 per month ("Non-Development Fee") for each Subsequent Shop that is not open and operating on or before the Development Deadline for that particular Subsequent Shop. You will pay us a Non-Development Fee for each whole or partial calendar month after the Development Deadline for a Subsequent Heyday Shop during which that Subsequent Heyday Shop is not open for business. The Non-Development Fee shall be withheld from the Franchisee Share otherwise payable to Franchisee with respect to your First Heyday Shop. If the Franchisee Share payable to you is less than the Non-Development Fee, the amount unpaid shall accrue and be payable during the next calendar month in addition to that month's Non-Development Fee.

**9. Termination.** This Agreement will terminate upon the earlier of:

(a) the Expiration Dates specified in Exhibit A of the DRA;

(b) the Insolvency of Franchisee;

(c) the breach by Franchisee (or any of his Affiliates) of any of his (or their) obligations under, or related to, the DRA, any Franchise Agreement or any other agreement with Franchisor or its Affiliates; and

(d) the date on which any Franchise Agreement previously signed by Franchisee (or any of his Affiliates) and Franchisor, or any other agreement between Franchisee (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.

**10. Provisions.** Each provision, condition and term of the DRA is material, and a breach or violation of any of them will constitute a default of that party's obligations under the DRA.

**11. Definitions.** All capitalized terms used, but not defined, in the DRA have the meanings given them in the Franchise Agreement.

**12. Notices.** All communications or notices required or permitted to be given or served under the DRA must be in writing and will be deemed to have been duly given or made if (a) delivered in person or by courier (including by Federal Express or other courier), (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (c) faxed, and addressed to the address or fax number set forth on the last page of the DRA. All communications and notices will be effective upon delivery in person or by courier to the address set forth in the DRA, upon being deposited in the United States mail in the manner set forth above or upon being faxed in the manner set forth above. Any party may change his, her or its address or fax number by giving notice in writing, stating his, her or its new address, to the other party to the DRA as provided in the foregoing manner.

**13. Transfers; Successors and Assigns.**

(a) Notwithstanding anything contained in the DRA, or in any other agreement, to the contrary, Franchisee may not assign or otherwise transfer, by operation of law or otherwise, his rights under the DRA without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Business in violation of this Section 13. Any attempt by Franchisee to assign his rights under the DRA without Franchisor's prior written consent will be void.

(b) Notwithstanding anything contained in the DRA to the contrary, Franchisor may assign its rights under the DRA, or delegate any of its obligations hereunder, without the consent of Franchisee or any other person.

(c) Subject to Section 13(a) of the DRA, the DRA will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs and successors.

**14. Term; Successor Term.**

(a) **Term.** This Agreement shall expire on the earlier of: (i) date that the last Shop contemplated by this Agreement opens for business; (ii) the last Expiration Date set forth in Development Schedule (Exhibit A); or (iii) the date that this Agreement is terminated.

(b) **Successor Term.** When this Agreement expires (except for termination pursuant to Section 9 above), you will have the option to renew the DRA for the same number of new Shops subject to a mutually agreeable timetable within the Development Area. The qualifications and conditions for the Successor Term are described below:

(i) You must give us written notice of your election to renew the DRA not less than 9 months, nor more than 12 months, before the expiration of this Agreement;

(ii) You must pay us a Successor ARA Fee equal to the Development Fee outlined in Section 2;

(iii) Neither you nor any of your affiliates are in default under this Agreement or any other agreements with us or our affiliates;

(iv) You must correct any existing deficiencies of your Heyday Shop or in your operation of your Heyday Shop and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your managerial and training personnel and/or your staff (which may involve the payment of training fees); and

(v) You, and your owners and guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit F to the FDD) releasing any and all claims against us, and our affiliates, owners, officers, directors, agents and employees.

**15. Amendment, Modification or Waiver.**

(a) Except as stated in the DRA, no amendment, modification or waiver of any condition, provision or term of the DRA will be valid or of any effect unless made in writing, signed by the parties and specifying with particularity the nature and extent of the amendment, modification or waiver.

(b) Failure on the part of any party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long the failure continues, will not constitute a waiver by that party of his, her or its rights under the DRA. Any waiver by any party of any default of another party will not affect or impair any right arising from any other or subsequent default.

(c) Franchisee understands and agrees that any and all individual Franchise Agreements executed by Franchisee and Franchisor for Shops within the Development Area are independent of the DRA. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Area DRA. If any conflict arises with the DRA and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority (except with respect to the opening deadline for each Shop Franchisee is granted the right to open under the DRA).

**16. Entire Agreement.** This Agreement, including the exhibits, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits is incorporated in the DRA by this reference and constitutes a part of the DRA.

**17. Terminology.** All captions, headings or titles in the paragraphs or sections of the DRA are inserted for convenience of reference only and do not constitute a part of the DRA or a limitation of the scope of the particular paragraph or section to which they apply. All personal pronouns used in the DRA, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

**18. Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

**19. Dispute Resolution.**

(a) Mediation. Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section

27(A) will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

(b) Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, the DRA, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your Heyday Shop is located.

(c) Consent to Jurisdiction and Venue. You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Heyday Shop is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

(d) Waiver of Certain Damages and Rights.

(i) YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, WE EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

(ii) THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT OR THE PERFORMANCE OF EITHER PARTY.

(iii) YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A MEMBER IN ANY CLASS ACTION SUITS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY

(e) Reimbursement of Costs and Expenses. If either party brings an action to enforce the DRA in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with the DRA, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

(f) Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to us or you by the DRA is intended to be, nor shall be deemed, exclusive of any other right or remedy in the DRA or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of the DRA.

(g) Limitations of Claims. Any and all claims and actions arising out of or relating to the DRA, the relationship between you and us, or your operation of your Heyday Shop, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

(h) Injunctive Relief. You recognize that your failure to comply with the terms of the DRA, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our Affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of the DRA by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of the DRA.

**20.** Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to the DRA, or the breach thereof, the prevailing party may recover reasonable attorneys' fees incurred in connection with any proceeding.

**21.** Construction. The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with the DRA and that each of them and his, her or its counsel have reviewed the DRA, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of the DRA or any amendments or any exhibits hereto or thereto.

**22.** Additional Actions. Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of the DRA.

**23.** Computation of Time. Whenever the last day for the exercise of any privilege or discharge of any duty under the DRA falls upon Saturday, Sunday or any legal holiday under Delaware law, the party having that privilege or duty will have until 5:00 p.m. Phoenix, Delaware time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

**24.** Currency. Unless otherwise directed by Franchisor in writing, all amounts contemplated by the DRA will be paid in United States Dollars and deposited in the bank account specified by the recipient. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by Franchisor's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

**25.** Authority. Any individual signing below on behalf of a corporation, partnership, Limited Liability Company or other entity personally represents that he has full authority to bind the party or parties on whose behalf he is signing.

**26. Terrorist and Money Laundering Activities.** Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of his Affiliates or their respective equity owners, directors, officers, employees, representatives and agents (collectively, the “Included People”), (a) is identified, by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at [www.treas.gov/offices/enforcement/ofac/](http://www.treas.gov/offices/enforcement/ofac/)) or (b) has violated any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at [www.epic.org/privacy/terrorism/hr3162.html](http://www.epic.org/privacy/terrorism/hr3162.html)), U.S. Executive Order 13224 (text currently available at [www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html](http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html)) or any similar law. Franchisee agrees that he will comply with, and will cause the Included People to comply with, all laws prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government. Franchisee further agrees that he will immediately notify Franchisor of the occurrence of any event, or the development of any circumstances, that might render any of the foregoing representations or warranties to be false, inaccurate or misleading.

**27. Acknowledgement of Franchisee.** Franchisee acknowledges that, except as expressly set forth in the Disclosure Document delivered to Franchisee, neither Franchisor, nor anyone acting on behalf of Franchisor, has made any claims or representations whatsoever regarding potential sales, profits or earnings achievable by Franchisee in connection with the conduct of the Franchised Business at the Shops. Franchisee acknowledges that he has been informed and he understands that the successful operation of the Franchised Business at the Shops will depend primarily upon the efforts, capabilities and management skills of Franchisee and general economic conditions and trends, and that he cannot rely upon the information set forth in the Disclosure Document as representations or warranties of the results that will be achieved by Franchisee in connection with his operation of the Franchised Business at the Shops. Franchisee acknowledges and confirms that he has selected, or will select, the premises on which the Franchised Business at the Shops will be established and operated by him, and that the decision to establish and operate the Franchised Business at the Shops in those premises was, or will be, made solely by him, without any reliance upon any information provided (if any), recommendation made (if any) or approval given (if any) by Franchisor, its Affiliates or any of their respective shareholders, directors, officers, employees, representatives or agents. Franchisee accepts full responsibility for the consequences of his decision.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed the DRA, or caused the DRA to be executed, as of \_\_\_\_\_.

**HEYDAY FRANCHISE LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**CONSENT OF SPOUSE**  
**(to be signed if Franchisee is a married individual)**

In consideration of the execution of the DRA to which this Consent is attached (including the exhibits thereto, the "Agreement") by Heyday Franchise, LLC, and knowing that Heyday Franchise LLC will rely upon this Consent of Spouse, the undersigned spouse of the franchisee identified in the Agreement acknowledges that he/she has read the Agreement, agrees to be bound by provisions and agrees that he/she will make, execute and deliver such instruments and documents that may be necessary to carry out the provisions of the Agreement.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

**EXHIBIT A TO DEVELOPMENT RIGHTS AGREEMENT  
INFORMATION SHEET**

If Franchisee is any entity, identify:

Franchisee: \_\_\_\_\_

Development Area: The Development Area are the boundaries of the geographic area or areas described below and depicted on the maps attached as Exhibit A-1. Any political boundaries described shall be considered fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions. Any street boundaries shall be deemed to end at the street center line unless otherwise specified above. If there is any discrepancy between the description of the Development Area and the map, the description below shall control.

\_\_\_\_\_

\_\_\_\_\_

Development Schedule: Franchisee must sign franchise agreement and open Shops in the numbers, dates, and deadlines set forth in the Development Schedule chart below. On or before the Commencement Date of each Development Period set forth below, Franchisee shall pay the franchise fees and duly execute the Franchise Agreements required for such Development Period.

**DEVELOPMENT SCHEDULE**

Development Period	Commencement Date	Expiration Date	Required Number of Franchise Agreements	Franchise Fees	Cumulative Heyday Shops Open by Expiration Date

**HEYDAY FRANCHISE LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

**EXHIBIT A-1**  
**MAP(S) OF DEVELOPMENT AREA**

**HEYDAY FRANCHISE LLC**

Initials: \_\_\_\_\_

**FRANCHISEE**

Initials: \_\_\_\_\_

**EXHIBIT B TO DEVELOPMENT RIGHTS AGREEMENT  
GENERAL RELEASE**

**GENERAL RELEASE**

**THIS GENERAL RELEASE** (“Release”) is executed on \_\_\_\_\_ by \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Guarantors”) as a condition of the execution of a Heyday Shop Franchise Agreement pursuant to the DRA by and between Franchisor and Franchisee dated \_\_\_\_\_ (“Franchise Agreement”) between Franchisee and Franchisor.

1. **Release by Franchisee and Guarantors.** Franchisee (if Franchisee is an entity, on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities and, if Franchisee is an individual, on behalf of himself/herself and his/her heirs, representatives, successors and assigns) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, “Franchisee Releasers”) freely and without any influence forever release and covenant not to sue Franchisor and its parent, subsidiaries and affiliates and their respective past and present officers, directors, members, shareholders, agents and employees, in their corporate and individual capacities, (collectively “Franchisor Releasees”) with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Franchisee Releaser ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement and all other agreements between any Franchisee Releaser and any Franchisor Releasee, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

IF FRANCHISEE OR GUARANTORS ARE BASED IN CALIFORNIA: Franchisee and Guarantors (on behalf of the Franchisee Releasers) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HER SETTLEMENT WITH THE DEBTOR.

2. **Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **No Prior Assignment.** Franchisee and Guarantors represent and warrant that the Franchisee Releasers are the sole owners of all Claims and rights released hereunder and that the Franchisee Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. **Covenant Not to Sue.** Franchisee and Guarantors (on behalf of the Franchisee Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. **Complete Defense.** Franchisee and Guarantors: **(A)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(B)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Franchisor and each Franchisee Releasor.

7. **Governing Law.** This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Delaware. Franchisor, Franchisee and Guarantor shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where Franchisor's principal offices are located. Franchisor may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee or Guarantors reside or do business, or where the claim arose.

8. **Miscellaneous**

(A) This Release constitutes the entire, full and complete agreement between the parties concerning the release of Claims by the parties and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

(B) The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

(C) The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

(D) All terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

(E) All captions in this Release are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

(F) This Release may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

[SIGNATURES ON FOLLOWING PAGE]

**IN WITNESS WHEREOF**, Franchisee and Guarantors have executed this Release as of the date shown below.

**FRANCHISEE**

\_\_\_\_\_

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

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

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

**GUARANTORS**

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Signature

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

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

**EXHIBIT E TO HEYDAY®  
FRANCHISE DISCLOSURE DOCUMENT  
FINANCIAL STATEMENTS**

# FRIEDMAN LLP<sup>®</sup>

ACCOUNTANTS AND ADVISORS

## Consent

Friedman, LLP consents to the use in the Franchise Disclosure Document issued by Heyday Franchise LLC (the "Franchisor") on January 28, 2021 as it may be amended, of our report dated January 28, 2021 relating to the financial statements of the Franchisor as of January 27, 2021.



January 28, 2021

**HEYDAY FRANCHISE LLC**  
**BALANCE SHEET**  
**JANUARY 27, 2021**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

# HEYDAY FRANCHISE LLC

## TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Balance Sheet</b>	2
<b>Notes to Balance Sheet</b>	3

## INDEPENDENT AUDITORS' REPORT

To the Member  
Heyday Franchise LLC

We have audited the accompanying balance sheet of Heyday Franchise LLC (the "Company") as of January 27, 2021, and the related notes.

### Management's Responsibility for the Financial Statement

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

### Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Heyday Franchise LLC as of January 27, 2021, in accordance with accounting principles generally accepted in the United States of America.



January 28, 2021

**HEYDAY FRANCHISE LLC**

**BALANCE SHEET**

**JANUARY 27, 2021**

**ASSETS**

**Current assets**

Cash	\$	200,000
		<hr/>
		\$ 200,000

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities	\$	-
Contingency		
<b>Member's equity</b>		200,000
		<hr/>
		\$ 200,000

See accompanying notes to financial statement.

## **HEYDAY FRANCHISE LLC**

### **NOTES TO BALANCE SHEET**

#### **1 - ORGANIZATION AND NATURE OF BUSINESS**

Heyday Franchise LLC (the “Company”) was formed as a Delaware limited liability company on December 23, 2020, that by its terms has a perpetual life. The Company is a wholly owned subsidiary of Heyday Wellness LLC (“Heyday Wellness”). The Company has limited activity as of the balance sheet date but plans to engage in the business of licensing and selling franchises under the trade name and service mark HEYDAY®. Heyday Wellness provides skincare services and products through their retail locations and website.

The Company is dependent on Heyday Wellness for corporate and administrative support as it does not have any employees of its own. The intellectual property that the Company licenses to franchisees is developed by Heyday Wellness.

Except for personal guarantees, members of limited liability companies are not obligated personally for any debt, obligation or liability of the Company solely by reason of being a member.

#### **2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Cash**

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. The Company maintains cash balances that, at times, may exceed these limitations.

##### **Subsequent Events**

This balance sheet was approved by management and available for issuance on January 28, 2021. Management has evaluated subsequent events through this date.

#### **3 - EQUITY**

On January 27, 2021, a cash contribution of \$200,000 was made by the sole member of the Company, Heyday Wellness LLC to capitalize the Company.

**HEYDAY FRANCHISE LLC**  
**NOTES TO BALANCE SHEET**

**4 - COVID-19**

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19"), which in March 2020, has been declared a pandemic by the World Health Organization. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company's financial position.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Company's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

**GENERAL RELEASE**

\_\_\_\_\_, a \_\_\_\_\_, whose address for the purpose of this Release is \_\_\_\_\_ (“Franchisee”), \_\_\_\_\_, a(n) \_\_\_\_\_, whose address for the purpose of this Release is \_\_\_\_\_, and \_\_\_\_\_, a(n) \_\_\_\_\_, whose address for the purpose of this Release is \_\_\_\_\_ (collectively, “Franchisee’s Principals”), for good and other valuable consideration, hereby release and forever discharge HEYDAY FRANCHISE LLC, a Delaware limited liability company (“Company”), its parent, its affiliates, and their respective heirs, successors, members, shareholders, representatives, assigns, agents, employees, officers and directors (“Designees”), of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character and description, known or unknown, vested or contingent, that Franchisee or any of Franchisee’s Principals now own or hold, or has at any time heretofore owned or held, or may at any time own or hold against Company and its Designees, arising prior to and including the date of this Release, including, without limitation, any such claims that Franchisee or any of Franchisee’s Principals may have against Company and its Designees (i) arising under any agreement between Franchisee and its Principals and Company and its Designees, except those surviving the termination of that certain Franchise Agreement dated \_\_\_\_\_ between Franchisee and Company (the “Franchise Agreement”), and any settlement agreement related to its termination, (ii) arising from the parties’ conduct during the term of the Franchise Agreement, and (iii) arising under federal, state and local laws, rules or ordinances, including, but not limited to, federal and state franchise and deceptive trade practice laws.

If Franchisee is domiciled or has his or her principal place of business in the State of California, then Franchisee hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

IN WITNESS WHEREOF the parties have executed and delivered this General Release on this \_\_\_\_ day of \_\_\_\_\_.

FRANCHISEE: [Name of Entity if Franchise is a FRANCHISEE’S OWNERS business Entity]

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title \_\_\_\_\_  
Date: \_\_\_\_\_

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

[This General Release will be modified as necessary for consistency with any state law regulating franchising]

**LIST OF FRANCHISE LOCATIONS  
AS OF DECEMBER 31, 2020**

**None.**

The following is a list of franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

**None.**

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

**STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration. California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates.

State	Effective Date
California	
Florida	
Hawaii	
Illinois	
Indiana	
Kentucky	
Maryland	
Michigan	
Minnesota	
Nebraska	
New York	
Rhode Island	
Texas	
Virginia	
Utah	
Washington	
Wisconsin	

**EXHIBIT I TO HEYDAY®  
FRANCHISE DISCLOSURE DOCUMENT  
RECEIPT PAGES**

**RECEIPT**

**(Your copy to keep)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Heyday Franchise LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with Franchisor or an affiliate in connection with the proposed franchise sale. Under New York, Michigan and Rhode Island law, Heyday Franchise LLC must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship.

If Heyday Franchise LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit B. Franchisor’s agents for service of process are listed in Exhibit B.

The franchise sellers are Sean Bock at 4455 East Camelback Rd., Suite 215A, Phoenix, AZ 85018, [sean@heydayskincare.com](mailto:sean@heydayskincare.com), (602) 505-4325 and \_\_\_\_\_.

Issuance Date: January 28, 2021

I received a disclosure document Issued on January 28, 2021, that included the following Exhibits:

- EXHIBIT A Table of Contents of Manuals
- EXHIBIT B List of State Administrators/ Agents for Service of Process
- EXHIBIT C Franchise Agreement
- EXHIBIT D Development Rights Agreement
- EXHIBIT E Financial Statements
- EXHIBIT F General Release
- EXHIBIT G List of Franchisees
- EXHIBIT H State Effective Dates
- EXHIBIT I Receipt

**PROSPECTIVE FRANCHISEE**

**PROSPECTIVE FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**RECEIPT**

**(Please Return to Us)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Heyday Franchise LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with Franchisor or an affiliate in connection with the proposed franchise sale. Under New York, Michigan and Rhode Island law, Heyday Franchise LLC must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship.

If Heyday Franchise LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit B. Franchisor’s agents for service of process are listed in Exhibit B.

The franchise sellers are Sean Bock at 4455 East Camelback Rd., Suite 215A, Phoenix, AZ 85018, [sean@heydayskincare.com](mailto:sean@heydayskincare.com), (602) 505-4325 and \_\_\_\_\_.

Issuance Date: January 28, 2021

I received a disclosure document Issued on January 28, 2021, that included the following Exhibits:

- EXHIBIT A Table of Contents of Manuals
- EXHIBIT B List of State Administrators/ Agents for Service of Process
- EXHIBIT C Franchise Agreement
- EXHIBIT D Development Rights Agreement
- EXHIBIT E Financial Statements
- EXHIBIT F General Release
- EXHIBIT G List of Franchisees
- EXHIBIT H State Effective Dates
- EXHIBIT I Receipt

**PROSPECTIVE FRANCHISEE**

**PROSPECTIVE FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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