



## FRANCHISE DISCLOSURE DOCUMENT

Face Foundrie Franchising L.L.C.  
a Minnesota limited liability company  
6446 Flying Cloud Drive  
Eden Prairie, Minnesota 55344  
Telephone: (855) 959-3223  
Email: [franchising@facefoundrie.com](mailto:franchising@facefoundrie.com)  
[www.facefoundrie.com](http://www.facefoundrie.com)

As a franchisee you will operate a focused facial bar under the trademark “FACE FOUNDRIÉ”® offering efficient and effective services, including 20- to 50-minute facials, waxing, and skincare products.

The total investment necessary to begin operation of a Face Foundrie Facial Bar is \$334,200 to \$670,250. This includes between \$46,200 and \$49,200 that must be paid to us or our affiliates. We may also offer you the right to develop two (2) or more Facial Bars. You would then sign an “Area Development Agreement” and pay a Development Fee equal to the sum of \$36,000 per Facial Bar you agree to develop. You would not then pay an initial franchise fee for each Facial Bar. Your estimated initial investment will vary based on the number of Facial Bar franchises to be developed.

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 Michele Henry at (855) 959-3223 or [franchising@facefoundrie.com](mailto:franchising@facefoundrie.com).

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor such as 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: **April 12, 2024**

## How to Use This Franchise Disclosure Document

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

| QUESTION                                                                                 | WHERE TO FIND INFORMATION                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 F. |
| <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 Face Foundrié 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 Face Foundrié franchisee?</b>                                  | Item 20 or Exhibit F 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 A.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Minnesota. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both you and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Supplier Control.** You must purchase all or nearly all of the inventory and supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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



**NOTICE REQUIRED  
BY  
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:**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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 PROVISIONS 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 FRANCHISED 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 FRANCHISEE 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.

\* \* \* \*

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE

ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

\* \* \* \*

**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.**

\* \* \* \*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU, 2407 N. GRAND RIVER AVE., LANSING, MICHIGAN 48906.

\* \* \* \*

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:  
STATE OF MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL

G. MENNEN WILLIAMS BUILDING  
525 W. OTTAWA STREET  
LANSING, MICHIGAN 48909  
TELEPHONE NUMBER: (517) 335-7622

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## EXHIBITS

- A. STATE AGENCIES AND ADMINISTRATORS AND FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT
- C. AREA DEVELOPMENT AGREEMENT
- D. OPERATIONS MANUAL TABLE OF CONTENTS
- E. FINANCIAL STATEMENTS
- F. LIST OF FRANCHISEES AS OF DECEMBER 31, 2023
- G. FORM OF RELEASE
- H. STATE SPECIFIC ADDENDA
- I. STATE EFFECTIVE DATES AND RECEIPTS

**APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT H.**

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

**Franchisor**

The franchisor is Face Foundrié Franchising L.L.C., a Minnesota limited liability company. To simplify the language in this Disclosure Document, we will refer to Face Foundrié Franchising L.L.C. as “we” or “us.” This Disclosure Document will refer to the person or entity that buys the franchise from us as “you”, and the term includes your partners if you are a partnership, your members if you are a limited liability company or your shareholders if you are a corporation. If you are a corporation, partnership or limited liability company, your owners will have to guarantee your obligations and be obligated to comply with the terms of the franchise agreement and ancillary documents described in this Disclosure Document.

We are a Minnesota limited liability company organized on April 14, 2020. Our corporate address is 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344 and our telephone number is (855) 959-3223. We do business under our corporate name and the trademarks described in Item 13, which includes the name “FACE FOUNDRIÉ”. We were formed for the purposes of offering franchises of Face Foundrié facial bars and providing services to our franchisees. We began offering franchises in May 2020. We have not operated any other type of business.

**Our Parent, Predecessors and Affiliates**

We have one (1) parent company and nine (9) affiliates, as follows:

Our parent, Face Foundrié LLC, a Minnesota limited liability company, was organized on December 13, 2018, and has the same principal business address and telephone number as ours. Face Foundrié LLC serves as a parent company to us and our affiliates described in this Disclosure Document. Face Foundrié LLC provides certain products and services to us and our affiliates including accounting and payroll, human resources, management, technology, and other services typical in parent-subsidiary relationships. Face Foundrié LLC does not engage in any other business activities and does not offer franchises in any line of business.

We have an affiliate, Face Foundrié Products L.L.C., a Minnesota limited liability company, which was organized on March 7, 2022, and has the same principal address and telephone number as us. Face Foundrié Products L.L.C. offers and sells certain Face Foundrié-branded products, including essential oils. You will purchase some of the items in the Initial Opening Package, as well as items for ongoing operations, from Face Foundrié Products L.L.C. This entity does not engage in any other business activities and does not offer franchises in any line of business.

We have eight (8) affiliates that operate or, as of the date of this Disclosure Document, are in the process of opening, Face Foundrié Facial Bars in Minnesota, Colorado, Pennsylvania, and Texas. The name and primary business address of each of these affiliates is listed below. None of these affiliates engage in any other business activities, provide products or services to our franchisees, or offer franchises in any line of business.

| <b>Affiliate</b>               | <b>Primary Business Address</b>                         |
|--------------------------------|---------------------------------------------------------|
| Face Foundrié Edina LLC        | 3170 Galleria, #3170, Edina, MN 55435                   |
| Face Foundrié NOLO LLC         | 424 N. Washington Ave., Minneapolis, MN 55401           |
| Face Foundrié Maple Grove LLC  | 12163 Elm Creek Blvd N., Maple Grove, MN 55369          |
| Face Foundrié Cherry Creek LLC | 2630 E 3 <sup>rd</sup> Ave, Denver, CO 80206            |
| Face Foundrié KOP LLC          | 690 W Dekalb Pike Suite 2048, King of Prussia, PA 19406 |
| Face Foundrié Lehigh LLC       | 250 Lehigh Valley Mall Space 1312, Whitehall, PA 18052  |

|                                  |                                                     |
|----------------------------------|-----------------------------------------------------|
| Face Foundrié South Congress LLC | 1221 South Congress Ave, Suite 110, Austin TX 78704 |
| Face Foundrié West Village LLC   | 3839 McKinney Avenue, Suite 157, Dallas, TX 75204   |

We have no other parents, predecessors or affiliates required to be included in this Item. Except as described above, neither we, nor our affiliates, have offered franchises in any other line of business or otherwise conduct business of the type offered to you in this Disclosure Document.

Our agents for service of process are disclosed on Exhibit A to this Disclosure Document.

### **The Franchise**

We offer franchises for the operation of a facial bar under the name “FACE FOUNDRIÉ” (“**Facial Bars**”). Your Facial Bar will offer efficient and effective services, including 20- to 50-minute facials, waxing and skincare products. You will operate your Facial Bar under the form of Franchise Agreement attached to this Disclosure Document as Exhibit B (the “**Franchise Agreement**”). We offer to enter into Franchise Agreements with qualified legal entities and persons. Facial Bar services are offered according to specified protocol and procedures, use high quality products, and offer high-end customer service.

Under the Franchise Agreement, you will operate your Facial Bar at a designated location, which may be either owned by you or leased from a third party, in compliance with our requirements as they are adopted from time to time. A typical Facial Bar occupies approximately 1,400 to 2,200 square feet of space, and is generally located in a high traffic retail location. All Facial Bars are constructed to our specifications as to format, size, layout, decor and the like, unless we agree otherwise.

We also offer qualified people the right to develop multiple Facial Bars within a specific territory under the terms of an “**Area Development Agreement**.” The minimum number of Facial Bars required to be open under the Area Development Agreement is two (2). The form of Area Development Agreement is attached as Exhibit C. If you sign an Area Development Agreement, you will sign a separate then-current form of the Franchise Agreement for each Facial Bar you develop under your Area Development Agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

You will operate a Facial Bar, at your expense, as an independent business utilizing our business format, procedures, designs, layouts, trade dress, standards, specifications, methods of operation, customer service standards, purchasing and sourcing procedures, quality products and services, training and assistance, technology standards, and marketing, advertising and promotional programs (the “**System**”). You must use the System at your Facial Bar, which includes, without limitation, the common use and promotion of the name “FACE FOUNDRIÉ” and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and other commercial symbols we may designate from time to time (collectively, the “**Marks**”). We may from time to time add or delete products and/or services and change, improve, add to, and further develop the specifications, standards, procedures, methods of operation and other elements of our System, and you will be expected to follow suit. You will offer and provide products and services to the general public, at all times complying with the Franchise Agreement and our confidential operations manual (the “**Operations Manual**”) to which you will be provided access. You may only offer services and products with our prior approval. In jurisdictions that require medical supervision of certain Face Foundrié services, Facial Bars may need to ensure that they are providing medical supervision that complies with the applicable state and local laws.

### **Regulatory Matters**

You will be subject to various federal, state and local government regulations including those relating to construction, site location, and the offering of beauty services, as well as public health, sanitation and safety codes and ordinances. A number of states have licensing and permitting laws and regulations that may apply to the Facial Bar. For example, many jurisdictions have laws that require esthetician and cosmetologist licensing, other

related licensing, bonding, and insurance, and compliance with certain building codes, safety regulations, health requirements, and other similar requirements. Some states may also require your Facial Bar to be operated with direct or indirect oversight by a medical provider, such as a physician or nurse practitioner. Some laws may require certain licensed individuals to perform certain procedures at your Facial Bar. If these or similar laws have been enacted in the state or municipality in which you intend to operate your Facial Bar, you will need to comply with these laws, and we urge you to become familiar with them. Your Facial Bar may be required to comply with one or more of these requirements in your jurisdiction. You and your employees must ensure that you, your employees, and others providing products and services to customers on behalf of your Facial Bar have all required licenses and permits.

Your Facial Bar will also be subject to national, state, and local regulations that apply to all businesses, including the Americans With Disabilities Act, wage and hour laws, occupational health and safety (OSHA), equal employment opportunity, taxes, hazardous material, communications to employees, and business licensing requirements. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including Payment Card Industry (PCI) Data Security Standard (DSS). Your business is subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close during state or national emergencies.

### **Market and Competition**

You will sell facial and beauty services—and other related products and services—to the general public. The market for beauty services and products is developed and competitive. As a result, you will compete for customers with other companies and organizations that offer beauty services. Competitors may include individuals and small- to medium-sized companies, similar franchise systems, and large corporations. You will also face normal business risks that could have an adverse effect on your Facial Bar. These include industry developments, including your competitors' pricing policies, and supply and demand. Your financial success may also be sensitive to changes in general economic conditions, both globally and nationally. To the extent your Facial Bar may be located near another Face Foundrie location, you may appear to or actually compete with other Face Foundrie facial bars.

## **ITEM 2.** **BUSINESS EXPERIENCE**

### **Michele Henry – Founder and Chief Executive Officer**

Michele Henry has served as our Founder and Chief Executive Officer since our inception in April 2020. She is also presently the Founder and Chief Executive Officer of our parent and each of our affiliates listed in this Disclosure Document, as follows: Face Foundrie LLC, in Eden Prairie, Minnesota, since its inception in December 2018; Face Foundrie Edina LLC in Eden Prairie, Minnesota, since its inception in January 2019; Face Foundrie NOLO LLC in Eden Prairie, Minnesota, since its inception in June 2019; Face Foundrie Maple Grove LLC in Eden Prairie, Minnesota since its inception in February 2020; Face Foundrie Cherry Creek LLC in Eden Prairie, Minnesota since its inception in August 2022; Face Foundrie KOP LLC in Eden Prairie, Minnesota since its inception in January 2023; Face Foundrie Lehigh LLC in Eden Prairie, Minnesota since its inception in January 2023; Face Foundrie South Congress LLC in Eden Prairie, Minnesota since its inception in May 2023; Face Foundrie West Village LLC in Eden Prairie, Minnesota since its inception in July 2023; and Face Foundrie Products L.L.C. in Eden Prairie, Minnesota, since its inception in March 2022. Michele serves in her present capacities in Eden Prairie, Minnesota.

### **Cheyenne Thurston – Vice President of Marketing**

Cheyenne Thurston has served as our Vice President of Marketing since July 2022, and prior to that was our Chief Operating Officer from November 2021 to July 2022 and our Chief Marketing Officer from October

2020 to November 2021. She is also presently the Chief Marketing Officer of our parent and each of our affiliates listed in this Disclosure Document, as follows: Face Foundrié LLC, in Eden Prairie, Minnesota, since its inception in December 2018; Face Foundrié Edina LLC in Eden Prairie, Minnesota, since its inception in January 2019; Face Foundrié NOLO LLC in Eden Prairie, Minnesota, since its inception in June 2019; Face Foundrié Maple Grove LLC in Eden Prairie, Minnesota since its inception in February 2020; Face Foundrié Cherry Creek LLC in Eden Prairie, Minnesota since its inception in August 2022; Face Foundrié KOP LLC in Eden Prairie, Minnesota since its inception in January 2023; Face Foundrié Lehigh LLC in Eden Prairie, Minnesota since its inception in January 2023; Face Foundrié South Congress LLC in Eden Prairie, Minnesota since its inception in May 2023; and Face Foundrié West Village LLC in Eden Prairie, Minnesota since its inception in July 2023. Previously, she served as our Director of Technology and Corporate Operations, from December 2019 to October 2020. Cheyanne was a student from September 2016 to December 2019. In addition, she also served as a consultant with Red Wing Shoe Company in Minneapolis, Minnesota from September 2019 until December 2019. Cheyanne serves in her present capacities in Eden Prairie, Minnesota.

#### **Lauren Helgersen – Vice President of Operations**

Lauren Helgersen has served as our Vice President of Operations since July 2022. Prior to that, she served as Marketing Director for Kinetic Brands in New York, New York from May 2022 to July 2022, as Owner of Wheelhouse Consulting in Minneapolis, Minnesota from January 2022 to June 2022, and as Manager of Culinary Initiatives for Schwan's Company in Blooming, Minnesota from January 2017 to June 2018. She also worked with Regis Corporation in Minneapolis, Minnesota as Assistant Vice President, Merchandising & Private Label Brands from September 2020 to January 2022, as Director of Private Label Brands from January 2020 to September 2020, and as Director of Merchandising from June 2018 to January 2020. Lauren serves in her present capacities in Eden Prairie, Minnesota.

#### **Loralee Onstad – Director of Franchise Performance & Development**

Loralee Onstad has served as our Director of Franchise Performance & Development since May 2023, and prior to that was our Franchise Sales Manager from November 2021 to May 2023. Previously, she served as our Assistant Franchise Coordinator from March 2021 to November 2021. Before joining us, she served as a Sales Analyst at Schwans Consumer Brands in Bloomington, Minnesota from November 2018 to March 2021. Lorelee serves in her present capacities in Eden Prairie, Minnesota.

#### **Hannah Zaborowski –Training Manager**

Hannah Zaborowski has served as our Training Manager since January 2024 and prior to that was our Executive Educator and Trainer from November 2021 to January 2024. She also serves as an esthetician at Face Foundrié Edina LLC in Edina, Minnesota, a position she has held since February 2019. Hannah serves in her present capacities in Eden Prairie, Minnesota.

#### **Shannon Fraser – Project Manager**

Shannon Fraser has served as our Project Manager since February 2023. Previously she worked with Winmark Corporation in Minneapolis, Minnesota as New Store Development and Training Manager from March 2017 to February 2023. Shannon serves in her present capacities in Eden Prairie, Minnesota.

### **ITEM 3.** **LITIGATION**

No litigation is required to be disclosed in this Item.



## **ITEM 4.** **BANKRUPTCY**

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

## **ITEM 5.** **INITIAL FEES**

### **Initial Franchise Fee**

When you sign the Franchise Agreement you must pay us an initial franchise fee of \$45,000 (“**Initial Franchise Fee**”). The Initial Franchise Fee is due in full when you sign the Franchise Agreement and is non-refundable. Other than as outlined in this Disclosure Document, we have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisees, although we reserve the right to do so in our sole discretion on a case-by-case basis. In our last fiscal year, we did not collect any individual Initial Franchise Fees as all franchise fees we collected were Development Fees under Area Development Agreements.

We offer a reduced initial franchise fee to existing franchisees of ours that are open, operating, and in good standing (*i.e.*, not subject to any uncured default notice). If you meet these conditions and we approve you to operate additional Facial Bars, we will reduce the Initial Franchise Fee to \$36,000.

### **Area Development Fee**

We offer Area Development Agreements for you to develop multiple (two or more) Facial Bars. The development fees you pay when you sign an Area Development Agreement will vary depending on the number of Facial Bars you commit to open. If you choose to enter into an Area Development Agreement, you must pay a development fee (“**Development Fee**”) equal to \$36,000 multiplied by the number of Facial Bars you agree to open under our form of Area Development Agreement. You will not pay an additional Initial Franchise Fee for any of the Facial Bars we require you to develop under the Area Development Agreement. All portions of the Development Fee are payable in full when you sign the Area Development Agreement and are non-refundable. In our last fiscal year, our Development Fee was uniformly \$36,000 multiplied by the number of Facial Bars to be developed under an Area Development Agreement.

### **Initial Opening Package**

Our affiliate, Face Foundrié Products L.L.C., and other designated suppliers will be the designated suppliers of certain branded and proprietary items for use in your Facial Bar, including cleansers, masques, serums, oils, brow tints, and other facial supplies, printed marketing materials, and other items that we adopt for use in the System. Such items are estimated to cost in the range of \$35,800 to \$47,400, prior to opening your Facial Bar; of this amount, we estimate \$500 to \$1,000 will be paid to our affiliate. We may add or delete from such items which must be purchased from us prior to opening, and on an ongoing basis, at any time. The cost for the purchase of these products and services are non-refundable. If we do not require that you purchase such items from us or our affiliate, you must purchase them from our designated supplier(s).

### **Construction Visits**

We reserve the right to conduct on-site inspections during the construction of your Facial Bar, as we deem appropriate, to ensure the construction of the site meets our brand standards. We estimate that we will have one construction visit to your site and, as of the date of this Disclosure Document, there is no cost to you for this first visit. If additional construction visits are required, however, we may require you to pay us 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 the payments to us for any additional construction visit will range from \$500 to \$1,500 per visit. These costs are non-refundable.

### **Extension Fee**

You will have nine (9) months from the date you sign the Franchise Agreement to open and begin operating your Facial Bar. If you want to extend that time by three (3) months, and we agree to allow you to do so, you must pay a \$550 extension fee to us as a condition to our granting the extension. If you want an additional three (3) month extension, you must (i) pay a second \$550 extension fee, and (ii) agree to release any protected territory that has been given to you and to seek a site for your location in an area “to be determined.” If we grant one extension, after twelve (12) months from the date you sign the Franchise Agreement, you must begin paying the Minimum Royalty Fee to us, whether or not your Facial Bar is open. If we grant two extensions, after fifteen (15) months from the date you sign the Franchise Agreement, you must begin paying the Minimum Royalty Fee to us, whether or not your Facial Bar is open. After the applicable time periods have passed, if you have not opened your Facial Bar we may place the Franchise Agreement in default and, if you do not open within any time provided for cure, we may terminate the Franchise Agreement. Extension fees may also apply if we agree to allow you to extend the date for opening any Facial Bar that you agree to open under your Area Development Agreement. We are not obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

### **Background Check**

After you apply to become a franchisee or area developer and after the expiration of the 14-day waiting period following your receipt of this disclosure document, you will be required to submit to a background check which includes a criminal/civil record search and a credit check. In connection with the background check, you will be required to pay a fee to us or directly to our background check provider. The fee will be in the amount of \$200 to \$300 for each owner of the franchise and is non-refundable upon payment. We estimate the total fee will range from \$200 to \$600, depending on whether you have one or two owners. If you have more than two owners, the fee may be higher.

## **ITEM 6.** **OTHER FEES**

| <b>Type of Fee</b> | <b>Amount</b>                                                | <b>Due Date</b>                                                                                                                                             | <b>Remarks (See Note 1)</b>                                                                                                                                                                                                                                                                                                         |
|--------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ROYALTY FEE</b> | 7% of Gross Sales;<br>subject to the<br>Minimum Royalty Fee. | Due monthly before<br>the 5 <sup>th</sup> day of each<br>month for Gross<br>Sales from the prior<br>month during the<br>term of the Franchise<br>Agreement. | The Minimum Royalty Fee is \$1,500 per month, starting on the first day of the month following the earlier of (a) the date your Facial Bar opens, and (b) the date that is 9 months after you sign your Franchise Agreement (subject to any approved extensions). We will debit your bank account. See <u>Notes 2, 3, 4 and 5</u> . |

| Type of Fee                        | Amount                                                                                                                                                                           | Due Date                                                                                                                                  | Remarks (See Note 1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MARKETING CONTRIBUTIONS</b>     | 3% of Gross Sales.                                                                                                                                                               | Due monthly before the 5 <sup>th</sup> day of each month for Gross Sales from the prior month during the term of the Franchise Agreement. | We will debit your bank account. See <u>Notes 2, 3, 4 and 5</u> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>LOCAL MARKETING EXPENDITURE</b> | At least 1.5% of Gross Sales.                                                                                                                                                    | As incurred, in connection with advertising programs that you choose.                                                                     | We have the right to require that you provide us with proof that these funds were spent. If you fail to meet your required local marketing requirement per month, you must pay us the difference between the amount you spent and the required advertising expenditure. See <u>Note 5</u> .                                                                                                                                                                                                                                                                                                                                            |
| <b>TECHNOLOGY FEE</b>              | The then-current fee (currently, \$350 per month). We may increase this fee upon notice to you.                                                                                  | Due monthly, starting on the first day of the month after the date you open your Facial Bar.                                              | This fee will cover certain technologies used in the operation of your Facial Bar. This fee currently includes website hosting, at least two email addresses per Facial Bar, and access to our electronic systems. This does not include your subscription to our designated business management software, which you will pay directly to that provider. We reserve the right to increase this fee. We reserve the right to upgrade, modify, and add new technology and/or software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software. See <u>Notes 4 and 5</u> . |
| <b>TRANSFER FEE</b>                | <p>\$10,000 or such greater amount to cover our reasonable costs and expenses associated with the transfer.</p> <p>If you transfer an Area Development Agreement, we reserve</p> | Before the consummation of the transfer or sale.                                                                                          | Payable when, and if, you transfer or sell your franchise. No transfer fee will be charged if you transfer your franchise to a corporation, limited liability company or other entity which you control. There are other conditions to transfer.                                                                                                                                                                                                                                                                                                                                                                                       |

| Type of Fee                                              | Amount                                                                                                                                                                                                                                                                                   | Due Date                                     | Remarks (See Note 1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          | the right to charge you a transfer fee of an amount equal to our then-current Franchise Fee for each Franchised Facial Bar that remains to be developed and opened in order to satisfy the Development Schedule, but not less than fifty percent (50%) of the Area Development Fee paid. |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>RENEWAL FEE</b>                                       | 25% of the then-current initial franchise fee.                                                                                                                                                                                                                                           | On or prior to renewal.                      | Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>RELOCATION FEE</b>                                    | \$1,000                                                                                                                                                                                                                                                                                  | Prior to relocation.                         | Payable if you request to relocate your Facial Bar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>ANNUAL CONVENTION REGISTRATION</b>                    | Currently, \$500 per attendee based on early registration, but may increase annually.                                                                                                                                                                                                    | When you register for the annual convention. | If we hold an annual convention, you will pay this fee once a year, which covers registration of each attendee. See <u>Note 6</u> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>ADDITIONAL INITIAL TRAINING /REPLACEMENT TRAINING</b> | The then-current fee, currently \$1,200 per attendee, for the Initial Training Program, plus expenses.                                                                                                                                                                                   | Before training.                             | Any successor or replacement Operating Partner or Salon Manager must successfully complete the Initial Training Program no more than 30 days after being appointed and before providing services in your Facial Bar. Replacement Salon Managers who already work in your Facial Bar are not required to attend the full Initial Training Program, but instead will attend Manager Boot Camp described below. This fee also applies if you want more than three people to attend the initial training before you open or if you want any personnel to attend the Initial Training Program after you open. |

| Type of Fee                                      | Amount                                                                                                               | Due Date                                                           | Remarks (See Note 1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MANAGER BOOT CAMP TRAINING</b>                | The then-current fee, currently \$800 per attendee, for the Manager Boot Camp training program, plus expenses.       | Before training.                                                   | Any successor or replacement Salon Manager who has been promoted from an esthetician or front bar attendant is not required to attend the full Initial Training Program described above, but instead will attend Manager Boot Camp, which, as of the date of this Disclosure Document, is a four-day program.                                                                                                                                                                                                                                                                                                  |
| <b>ADDITIONAL TRAINING AND ASSISTANCE</b>        | Our then-current per diem fee per trainer, plus reimbursement of expenses. Current fee is \$400 per day per trainer. | As incurred.                                                       | If, at any time during your operation of your Facial Bar, you request that we provide additional training, or if we determine that you require additional assistance or training, you must pay our then-current per diem training fee for each trainer, and you must reimburse us for all out-of-pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, meals and travel arrangements of the trainers and other reasonable expenses. If a trainee travels to one of our locations for training, you must also pay the expenses associated with travel. |
| <b>ONGOING PURCHASES OF PROPRIETARY PRODUCTS</b> | The price established by the applicable approved supplier from time to time.                                         | Before shipment.                                                   | All products you will use in your Facial Bar must meet our standards. This will be paid to us, our affiliates, or to other approved suppliers on the terms established from time to time by the applicable supplier.                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>QUALITY CONTROL INSPECTION PROGRAM</b>        | Will vary under the circumstances, not to exceed \$300 per day plus reimbursement of our actual expenses.            | No more than quarterly during the term of the Franchise Agreement. | You must participate in our then-current programs, at your cost and expense. Payable to us or to third parties as applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Type of Fee                                                                   | Amount                                                                                                                                                    | Due Date     | Remarks (See Note 1)                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CREDIT CARD FEES</b>                                                       | Transaction fees typically range from 2.1% to 2.73% of transaction amounts. Other fees may apply depending on the vendor used for credit card processing. | As incurred. | Payable if you pay your Royalty Fees, Marketing Contributions, or other payments using a credit card.                                                                                                                                      |
| <b>PRODUCT/SUPPLIER APPROVAL COSTS FOR TESTING AND EVALUATION OF PRODUCTS</b> | The greater of \$2,500 or the costs of testing and evaluation a product and/or service, and reimbursement of our expenses if travel is required.          | As incurred. | This covers the cost of testing new products or inspecting new suppliers you recommend. See <a href="#">Note 7</a> .                                                                                                                       |
| <b>AUDIT EXPENSES</b>                                                         | The actual cost of the audit, which will vary under the circumstances.                                                                                    | Upon demand. | Due if audit of your books shows an understatement of your total amount owed to us for any reporting period of 2% or more, or if the audit is needed because you failed to follow our reporting requirements. See <a href="#">Note 8</a> . |
| <b>LATE REPORT FEE</b>                                                        | \$200 per violation.                                                                                                                                      | As incurred. | Payable only if a required report, filing, certificate, or statement is not delivered when due.                                                                                                                                            |
| <b>INTEREST AND LATE PAYMENT FEES</b>                                         | The lesser of 1.5% per month or the highest rate permitted by law plus a \$50 late payment fee.                                                           | Upon demand. | You must pay us or our affiliates a late payment fee and interest on any money you owe us or any of our affiliates after the due date.                                                                                                     |
| <b>RETURNED CHECKS OR INSUFFICIENT FUNDS SERVICE FEE</b>                      | \$30 per occurrence.                                                                                                                                      | Upon demand. | Payable if any of your payments to us are not honored by your financial institution. This fee is in addition to interest on the amount due.                                                                                                |
| <b>COSTS AND ATTORNEYS' FEES</b>                                              | Will vary under the circumstances.                                                                                                                        | Upon demand. | Payable if we prevail in any legal dispute with you.                                                                                                                                                                                       |
| <b>CURE EXPENSES, COLLECTION COSTS, AND POST TERMINATION /</b>                | Our cost and expenses if we take action to cure any default by you under the Franchise                                                                    | Upon demand. | Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the expenses we incur                                                                                                               |

| Type of Fee                                      | Amount                                                                                                     | Due Date                          | Remarks (See Note 1)                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>EXPIRATION EXPENSES</b>                       | Agreement, including costs of collection for unpaid amounts.                                               |                                   | (including reasonable attorneys' fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions.                                    |
| <b>STANDARD DEFAULT FEE</b>                      | Up to \$500 per violation.                                                                                 | Upon demand.                      | In addition to any rights and remedies we may have under the Franchise Agreement, if you breach certain provisions of your Franchise Agreement and fail to cure the default during the applicable cure period, you must pay us up to \$500 per default per cure period until the default is cured to offset our expenses incurred to address the default. |
| <b>UNAUTHORIZED ADVERTISING FEE</b>              | \$500 per day of use of unauthorized advertising.                                                          | Upon demand.                      | This fee is payable to us if you use unauthorized advertising in violation of the terms of the Franchise Agreement. This is in addition to other remedies available to us. This may not be enforceable under state law.                                                                                                                                   |
| <b>PROHIBITED PRODUCT, SERVICE, SUPPLIER FEE</b> | \$500 per day of using any authorized supplier, or of offering or using unauthorized products or services. | If incurred.                      | This fee is payable to us in the event that you offer or provide any unauthorized products or services from your Facial Bar, or use any unauthorized supplier. This in addition to other remedies available to us. This may not be enforceable under state law.                                                                                           |
| <b>INSURANCE HANDLING FEES</b>                   | Currently \$250.                                                                                           | Immediately after notice from us. | You only pay this fee to us if you fail to obtain or maintain insurance, and we obtain the insurance coverage for you. This fee does not include the cost of insurance premiums, for which you must also reimburse us.                                                                                                                                    |

| Type of Fee                     | Amount                             | Due Date     | Remarks (See Note 1)                                                                                                                                                                                                    |
|---------------------------------|------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>INDEMNIFICATION</b>          | Will vary under the circumstances. | Upon demand. | You must reimburse us if we are held liable for claims, damages or other relief arising out of your franchise operations.                                                                                               |
| <b>LIQUIDATED DAMAGES</b>       | Will vary under the circumstances. | Upon demand. | You must pay this fee if we terminate your Franchise Agreement for cause. See <u>Note 9</u> .                                                                                                                           |
| <b>FACIAL BAR REFURBISHMENT</b> | Will vary under circumstances.     | As agreed.   | We may require you to materially refurbish your Facial Bar to meet our then-current requirements for décor, layout, etc. We will not require you to refurbish the Facial Bar more frequently than every five (5) years. |
| <b>SECURITIES OFFERING</b>      | Our actual expenses.               | Upon demand. | Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.       |
| <b>TAX ASSESSMENT</b>           | Our actual expenses.               | Upon demand. | Payable only if there is a sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.            |

Note 1: Except as noted, all fees are imposed by and payable to us or our affiliates and are non-refundable. All of the fees described above in this Item 6 are intended to be uniform for all franchisees, although, we reserve the right to reduce the royalty fee, or charge a fixed royalty fee, in certain circumstances, in our sole discretion.

Note 2: “Gross Sales” means the amount of products and merchandise sold or services rendered in, on, about or from the Facial Bar, together with any other revenues derived from the operation of the Facial Bar, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including all sales and services (i) where orders originate and/or are accepted by you in the Facial Bar but delivery or performance thereof is made by you from or at any place other than the Facial Bar or (ii) by digital, telephone or other similar orders received or filled at or in the Facial Bar. For purposes of determining the Royalty Fee, Marketing Contributions, and local marketing, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales), provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.



Note 3: Beginning on the first day of the month following the earlier of (a) the date your Facial Bar opens, and (b) date that is nine (9) months from the signing of your Franchise Agreement (subject to any extensions that have been granted), you will be required to pay a Minimum Royalty Fee of \$1,500 per month. We will generally reconcile the Minimum Royalty Fee with the Royalty Fees you have actually paid on the 5<sup>th</sup> day of the month following the month in which the fee applies, and we will debit your account for any additional Royalty Fees due, provided that we reserve to modify the timing or schedule of this reconciliation in our discretion.

Note 4: Under the Franchise Agreement, we require that all Royalty Fees, Marketing Contributions, Technology Fees, and, other fees as we may require, be paid by automated bank draft. Accordingly, you must sign an electronic transfer of funds authorization for your bank account. Gross Sales reports are due to us by the 5<sup>th</sup> day of each month or such other day as we establish. The Royalty Fee and Marketing Contribution will be withdrawn from your designated bank account by EFT monthly on or before the 5<sup>th</sup> day of each month (or the next day, if it is not a business day), or such other day as we may establish, based on Gross Sales for the preceding month. If you do not report the Gross Sales, we may debit your account for 120% of the last Royalty Fee, Marketing Contribution (and other fees) that we debited. If the Royalty Fee, Marketing Contribution, and other amounts we debit are less than the fees you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee, Marketing Contribution, and other amounts we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month.

Note 5: Company and affiliate-owned Facial Bars are not required to pay Royalty Fees or Technology Fees but will make marketing contributions to the Marketing Fund in the same amounts as similarly situated franchised locations. Company and affiliate-owned Facial Bars do not have a specific local marketing requirement, however they will make expenditures in local marketing programs as appropriate.

Note 6: The person holding a controlling interest in your business and your Operating Partner (if different) will be required to attend our annual convention each year, if one is held. If you want to send additional people to our annual convention, you will pay an additional registration fee for each person. We may increase this fee from time to time.

Note 7: If you want to purchase or lease unapproved products, equipment, supplies, or services from other than approved suppliers, we may require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us, or reimbursement of our expenses if travel is incurred. You must pay a charge equal to the greater of \$2,500 or the cost of the evaluation and testing and expenses associated with it.

Note 8: You must pay our audit expenses only if an audit of your records reveals an understatement of 2% or more of your total amount owed to us during the audit period. In addition to any unpaid amounts you may owe us, you must reimburse us for the actual costs we incur in conducting the audit, including travel, lodging, meals, and compensation of the auditing personnel that may travel to your Facial Bar. The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit. As a result, we are unable to estimate a range of these audit cost; however, these audit expenses will not exceed our actual costs.

Note 9: If we terminate your Franchise Agreement due to your breach, in addition to other amounts owed, you must pay us within 10 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees, Marketing Contributions, Technology Fees, and other amounts you paid or owed to us during the 12 months of operation preceding the effective date of termination (provided that if your Facial Bar was not open during this entire 12-month period, we may use the average amount of such fees paid to us by franchisees in the System during such time period) multiplied by (a) 36 (being the number of months in three

full years), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is lower.

**ITEM 7.**  
**ESTIMATED INITIAL INVESTMENT**

| Type of Expenditure                              | Amount   |           | Method of Payment | When Due                                                          | To Whom Payment is to be Paid       |
|--------------------------------------------------|----------|-----------|-------------------|-------------------------------------------------------------------|-------------------------------------|
|                                                  | Low      | High      |                   |                                                                   |                                     |
| Background Check Fee <sup>(1)</sup>              | \$200    | \$600     | Lump Sum          | Upon applying to be a franchisee, after the 14-day waiting period | Us or our background check provider |
| Initial Franchise Fee                            | \$45,000 | \$45,000  | Lump Sum          | Upon Signing Franchise Agreement                                  | Us                                  |
| Rent and Security Deposit <sup>(2)</sup>         | \$9,100  | \$32,000  | As Arranged       | As Arranged                                                       | Landlord                            |
| Leasehold Improvements <sup>(3)</sup>            | \$45,000 | \$233,000 | As Arranged       | Before Opening                                                    | Landlord, Contractors               |
| Furniture, Fixtures and Equipment <sup>(4)</sup> | \$57,100 | \$86,000  | As Arranged       | Before Opening                                                    | Approved Suppliers                  |
| Initial Opening Package <sup>(5)</sup>           | \$35,800 | \$47,400  | As Arranged       | Before Opening                                                    | Us and Approved Suppliers           |
| Initial Technology Expenses <sup>(6)</sup>       | \$9,000  | \$11,500  | As Incurred       | Before Opening                                                    | Approved Suppliers                  |
| Signage <sup>(7)</sup>                           | \$9,000  | \$15,000  | As Incurred       | Before Opening                                                    | Approved Suppliers                  |
| Initial Training Expenses <sup>(8)</sup>         | \$16,500 | \$26,900  | As Incurred       | Before Opening                                                    | Third Parties                       |
| Grand Opening Advertising <sup>(9)</sup>         | \$25,000 | \$50,000  | As Incurred       | As Incurred                                                       | Third Parties                       |
| Licenses and Permits                             | \$1,800  | \$4,600   | Before Opening    | Before Opening                                                    | Government Agencies                 |

| Type of Expenditure                                                  | Amount           |                  | Method of Payment | When Due                                                          | To Whom Payment is to be Paid                |
|----------------------------------------------------------------------|------------------|------------------|-------------------|-------------------------------------------------------------------|----------------------------------------------|
|                                                                      | Low              | High             |                   |                                                                   |                                              |
| Professional Fees                                                    | \$6,500          | \$29,500         | As Incurred       | As Incurred                                                       | Third Party Architects, Lawyers, Accountants |
| Insurance <sup>(10)</sup>                                            | \$1,000          | \$3,350          | As Agreed         | As Incurred                                                       | Insurance Companies                          |
| Supplies                                                             | \$500            | \$1,300          | As Incurred       | As Incurred                                                       | Third Parties                                |
| Miscellaneous                                                        | \$1,500          | \$4,000          | As Incurred       | As Incurred                                                       | Third Parties                                |
| Extension Fee                                                        | \$0              | \$1,100          | As incurred       | Only due if requesting an extension to your required opening date | Us                                           |
| Additional Funds – For Initial 3 Months of Operation <sup>(11)</sup> | \$71,200         | \$79,000         | As Agreed         | As Incurred                                                       | Various                                      |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT</b>                            | <b>\$334,200</b> | <b>\$670,250</b> |                   |                                                                   |                                              |

Notes:

We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, expenditures that our franchisees have reported to us, and our current requirements for Facial Bars. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. **Background Check.** After you apply to become a franchisee or area developer and after the expiration of the 14-day waiting period following your receipt of this disclosure document, you will be required to submit to a background check which includes a criminal/civil record search and a credit check. You will be required to pay a non-refundable background check fee that ranges from \$200 to \$300 per owner to us or directly to our designated background check provider. We will not countersign a Franchise Agreement until we have received results of the search and check. If we determine that you are unsuitable to run a Face Foundrie Facial Bar as a result of background check and credit check results, we reserve the right to not accept you as a franchisee. The low range of the estimate assumes

the franchise will have one owner and the background check fee is \$200 per owner, while the high range of the estimate assumes the franchise will have two owners and the background check fee is \$300 per owner. These expenses may be higher if the franchise will have more than two owners.

2. Rent. These figures presume that you will be leasing the Facial Bar premises. The estimate in the table above includes your first month's rent payment, security deposits and utility deposits (for example, telephone, electricity, gas and water). We have assumed that any security deposit to your landlord will equal one month's rent, although this may vary from landlord to landlord. The low range of the estimate assumes that you obtain a free rent period from your landlord after your opening and/or you are not required to pay a security deposit to your landlord, and the high range assumes you paid a security deposit and first month's rent. Both the low and high ranges assume that rent during build-out of the space has been waived or discounted. We are unable to estimate the total cost of purchasing suitable premises for your Facial Bar or the amount of any down payment that would be required. Rent, common area maintenance fees and property taxes will vary depending upon the size of the premises, the site's condition, its location, building size, access to major streets, demand for the site, the build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. These figures are based primarily upon our experience opening our affiliate-owned locations, and our franchisees' reported experience opening franchised locations, in various states where Facial Bars opened in 2023. These figures may vary considerably in other parts of the United States. Regardless of whether you lease or purchase the Facial Bar premises, a typical Facial Bar occupies approximately 1,400 to 2,200 square feet of net rentable space. Facial Bar locations are typically in commercial retail areas. Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location.
3. Leasehold Improvements. The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, the landlord's cash contribution to the cost of the improvements, whether you utilize union or non-union labor, and other factors. Our estimates are based on the assumption that the location is in suburban or urban retail lifestyle center space with approximately 1,400 to 2,200 square feet. Estimates are based on spaces delivered in a variety of conditions, but typically with a minimum of a level concrete floor suitable for floor coverings, HVAC, electricity, gas, sewers, bathroom facilities, water and plumbing. Our estimates assume standard tenant improvements and excludes items such as structural construction, site surveys, site plans, energy studies, exterior improvements, or building elevations. Estimates assume a typical tenant improvement allowance, cash contribution, or landlord work letter from your landlord for the cost of improvements. Your costs may be higher if these arrangements are not available through your landlord. The costs of leasehold improvements may vary if some items that typically are included in the furnishings, fixtures and equipment category, such as flooring, lighting and millwork, are instead included in the leasehold improvements category.
4. Furnishings, Fixtures and Equipment. This estimate will vary depending on whether you obtain financing, the size of your Facial Bar, and your needs for specific furnishings, fixtures and equipment, including décor items. This includes certain equipment needed for the operation of your Facial Bar, including a MediSpa machine, cryo machine, and other equipment you need to provide required services. It does not include the estimated \$25,000 to \$30,000 cost of a HydraFacial machine, which you may decide to purchase to provide optional services. As of the date of this Disclosure Document, a HydraFacial machine is available to new franchisees to use for a four-month period free of charge under a loaner program. This category also includes furniture for your treatment rooms and common areas. You must purchase the equipment necessary to operate your Facial Bar with the brands and types of equipment that we require. The range depends on the size of your Facial Bar, transportation

costs, and other factors. The low end of this range assumes you obtain financing for your MediSpa machine.

5. Initial Opening Package. You must purchase certain items necessary for the operation of your Facial Bar, including cleansers, masques, serums, oils, brow tints, and other facial supplies, printed marketing materials, from our affiliate and designated suppliers. The range depends on the size of your Facial Bar and other factors. Your costs will likely increase as your square footage increases.
6. Initial Technology Expenses. This includes the cost of your computer system and associated equipment that you will use to manage the Facial Bar and that meets our minimum requirements. This includes a reception system consisting of an iMac computer, 9 to 10 (9-10) iPads, credit card reader, phone system, internet access, and related equipment. Additional required technology includes a sound system, a security system, a computer for management use, and a printer. The low range assumes you purchase nine (9) iPads, one computer, and a basic self-installed security system, while the high range assumes you purchase ten (10) iPads, two computers and have a professional security system.
7. Signage. This estimate includes costs for one store sign and temporary and permanent vinyl signage. The cost of signage may vary significantly depending on the size of the signage, market conditions, and the requirements of the landlord and government authority. Your costs may be higher if a location requires a construction barricade, multiple signs, or if you choose to include an optional interior sign.
8. Initial Training Expenses. The Operating Partner and your Salon Manager must attend mandatory training at our headquarters or another place we designate, and complete our Initial Training Program to our satisfaction before you open your Facial Bar. While we do not charge for this training, you must pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all initial training attendees. Costs vary depending on the distance traveled, the type of lodging, and the arrangements you have with any training attendees. If you bring additional personnel beyond those required to attend the Initial Training Program, your costs may be higher. This estimate also includes the payroll-related costs associated with pre-opening training of your personnel in your Facial Bar.
9. Grand Opening Promotion. Before you open your Facial Bar, you will be expected to advertise its opening and create a Grand Opening Promotion plan that we approve. You must provide us with a Grand Opening Promotion plan, and obtain our approval of the plan, at least sixty (60) days prior to the opening of your Facial Bar. During the period of time beginning thirty (30) days before until sixty (60) days following the opening of the Facial Bar, you must spend a minimum of \$25,000 to implement a grand opening advertising and promotional campaign, of which at least \$2,600 must be spent on social media advertising. Although \$25,000 is the minimum, we recommend you spend up to \$50,000. We may require you to provide proof that these funds were spent. If you fail to spend the minimum required amount on the Grand Opening Promotion plan, we have the right to collect from you the difference between what you should have spent and what you actually spent. The Grand Opening Promotion plan is in addition to any Marketing Contributions that you must pay to us and in addition to the \$2,600 monthly minimum digital marketing spend and the \$2,400 minimum monthly spend on other paid marketing tactics, both of which are required during your first six (6) months of operation (as described in Item 11). We may require you to work with one or more vendors that we designate to execute the Grand Opening Promotion plan, and we may require you to purchase certain digital media, print media, branded promotional products, printed materials, signage, and similar items, from us or other vendors that we designate.
10. Insurance. This figure is an estimate of the cost of maintaining the insurance required by the Franchise Agreement for the first three months of operation. The estimate represents an initial deposit for the coverage necessary to operate the business and represents approximately three months of coverage. Insurance costs will vary depending upon factors such as the size and location of the Facial Bar. If you

fail to obtain or maintain the required insurance, we may (but are not required to) obtain insurance on your behalf, require prompt reimbursement for the premiums, and charge you an administrative fee. This category does not include contractor general liability insurance, which is included in the leasehold improvements category.

Presently we require you to maintain the following minimum insurance coverages: (i) comprehensive general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 in the general aggregate; (ii) abuse and molestation coverage with limits of at least \$1,000,000 per occurrence; (iii) all risks coverage for full repair and replacement value of all of the property, equipment, furniture, fixtures and supplies used in your Facial Bar with no more than a \$1,000 deductible; and (iv) worker's compensation and professional liability insurance with limits of at least \$1,000,000, as well as any other insurance required by law. We also recommend that you obtain cyber liability insurance with coverage of at least \$1,000,000 for each occurrence and \$3,000,000 in the aggregate.

11. **Additional Funds.** This estimates the funds needed to help cover your pre-opening expenses and your expenses during the first three months of operation. These expenses include payroll costs (excluding any wage or salary paid to you or your Operating Partner), the digital marketing spend and the minimum monthly spend on other paid marketing tactics required during your initial months of operation, other miscellaneous expenses, and additional funds. It excludes real estate lease and purchase costs as well as royalty fees or other payments to us. These figures are estimates based on our past business experience in operating our affiliate-owned facial bars and on expenditures reported to us by our franchisees, and assume you open a single Facial Bar.

## **ITEM 8.**

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

To ensure that the highest degree of quality and service is maintained, you must operate the Facial Bar in strict conformity with the methods, standards, and specifications as we may from time to time prescribe in the Operations Manuals or otherwise in writing.

#### **Required Purchases and Designated Suppliers**

To ensure a uniform image and quality of products and services throughout the System, all products, supplies, equipment, technology, furnishings, uniforms, fixtures, inventory, packaging, décor items, signs, and other items used, sold, displayed or distributed in your Facial Bar (i) must comply with our methods, standards, specifications and requirements, and (ii) must be procured from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards, specifications, and requirements, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Operations Manuals or otherwise in writing. You may not purchase or lease, offer or sell any products or services, or use at your Facial Bar any products or services that we have not previously approved as meeting our standards, specifications and requirements.

You may purchase these items from any supplier that meets our standards and specifications, unless we designate one or more exclusive suppliers for an item, in which case, you must purchase the item from such exclusive supplier(s). We may designate at any time and for any reason, a single or multiple suppliers for these items and require you to purchase exclusively from the designated supplier or suppliers, which exclusive designated supplier(s) may be us or an affiliate of ours. We may disapprove of products and suppliers based on our desire to consolidate System purchases through fewer suppliers.

As of the date of this Disclosure Document, we maintain a specific supplier as the sole source of supply for an array of skincare products and tools sold at retail and used in the operation of the Facial Bar (including Face Foundrié-branded items), which as of the date of this Disclosure Document includes collagen spritz, serums,

moisturizers, facial cups and gua sha, other general facial tools, shopping bags and other branded collateral. You must obtain your facial bar management software, which handles scheduling, appointment booking, inventory, and payments, from our mandatory vendor. You must also use our mandatory vendors for online accounting software and a financial performance data reporting platform. In addition, you must obtain your Initial Opening Package from our affiliate and designated suppliers, as well as certain items identified below from us or our affiliate.

You must also adhere to our standards and specifications for the construction and design of the Facial Bar, which may include requirements for the interior and exterior layout, signage, fixtures and trade dress including the color scheme. We are free to modify any of our methods, standards, specifications and requirements at our discretion. These modifications will be communicated to you via our Operations Manual or otherwise in writing. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you. You must prepare all required construction plans and specifications and ensure they comply with building codes and ordinances. If your construction plans and specifications deviate from our plans and specifications, you must obtain our approval of the changes. It is your responsibility to obtain all required licenses, permits and approvals associated with constructing and operating your Facial Bar.

### **Us and Our Affiliates as Suppliers**

As of the date of this Disclosure Document, our affiliate is the sole source of certain portions of the Initial Opening Package which you must purchase in connection with the opening of your Facial Bar. You must also purchase from our affiliate a limited number of products used in the operation of the Facial Bar, which as of the date of this Disclosure Document includes essential oils. Otherwise, as of the date of this Disclosure Document, we or our affiliates are not suppliers of any products, supplies, equipment or other items used in the operation of the Facial Bar. We may supply you with uniforms, promotional materials, service menus, and other materials utilizing our Marks at our cost plus a markup for handling, and although we are not currently requiring you to purchase such goods from us, from a practical matter they may not be available from other sources. We reserve the right to designate ourselves and/or any of our affiliates as an approved supplier of additional items in the future, and we may even designate ourselves or an affiliate as the sole supplier of one or more items, in which case, you would have to buy the item from us or our affiliate at our or its then-current price. Our Operations Manual and other communications will identify our standards and specifications and the names of approved or designated suppliers. If we become a designated supplier, we may charge you a reasonable mark-up, surcharge and handling fee on any items you purchase from us. Monies you pay to us will include a profit for us.

### **Rebates and Allowances**

In addition to the above, we and our affiliates have the right to receive payments or other benefits like rebates, discounts and allowances from authorized suppliers based upon their dealings with you and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. We do and reserve the right to receive payments from authorized suppliers that we retain as profit related to their dealings with our franchisees and the System, and suppliers may pay us based upon the quantities of products the System purchases from them. These payments will usually be based upon an amount per unit or percentage rebate, and generally range from 2% to 10% of the purchases you make from the vendor. We may receive payments from a supplier as a condition of our approval of that supplier. We do not provide any material benefits to you, such as the grant of additional franchises and/or territories, based on your use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives in our System. We have negotiated price terms with some suppliers. In addition, in the future various vendors and suppliers may contribute to the cost of any annual franchise convention for the System through rebates, contributions

or purchasing booths at the convention. We negotiate supply arrangements with suppliers for the benefit of franchisees, and may continue to do so in the future.

In our last fiscal year, which ended December 31, 2023, we received \$2,989.32, or 0.15% of our total revenues of \$1,988,011, as a result of franchisee purchases of goods or services. Our affiliate, Face Foundrié Products L.L.C., received \$525,711.29 in our last fiscal year as a result of franchisee purchases of goods or services.

Other than our affiliate, there are currently no approved suppliers in which any of our officers own an interest.

### **Proportion of Purchases Subject to Specifications**

As of the date of this Disclosure Document, we estimate that required purchases and leases of goods, services, supplies, fixtures, equipment and inventory from designated or approved suppliers represent approximately 80% to 90% of your total cost of establishing, and approximately 85% to 95% of your total cost of operating your Facial Bar. There are currently no purchasing or distribution cooperatives within the System. In the future, we may require you to (i) become a member of purchasing and/or distribution cooperatives/associations/programs designated by us and/or established by us for the System, (ii) remain a member in good standing of such groups or programs and (iii) pay all membership dues or fees on purchases that are assessed by such groups or programs.

### **Insurance**

You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. You will be required to obtain proof of coverage and submit the same to us on a periodic basis. We specify the minimum amount of insurance coverage in the Franchise Agreement; however, you may desire to obtain greater coverages. The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history.

Presently, we require you to maintain the following minimum insurance coverages: (i) comprehensive general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 in the general aggregate; (ii) abuse and molestation coverage with limits of at least \$1,000,000 per occurrence; (iii) all risks coverage for full repair and replacement value of all of the property, equipment, furniture, fixtures and supplies used in your Facial Bar with no more than a \$1,000 deductible; and (iv) worker's compensation and professional liability insurance with limits of at least \$1,000,000, as well as any other insurance required by law. We also recommend that you obtain cyber liability insurance with coverage of at least \$1,000,000 for each occurrence and \$3,000,000 in the aggregate.

### **Technology, Computer Systems and Required Software**

We require that you purchase, maintain and upgrade, as necessary, computer hardware and software, including, but not limited to, our designated facial bar management software and Internet service and email, which are listed in the Operations Manual and your Franchise Agreement. You must also use our designated vendors for online accounting and a financial performance data reporting platform. You must be able to accept major credit cards, debit cards, and other payments for customer purchases. You must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements.

### **Lease of Premises**

You must purchase or lease a retail space for your Facial Bar that meets our standards and specifications. We must approve your location; we have the right to review, evaluate, and approve your proposed lease before execution. We may condition our approval of any proposed lease on, among other things, the execution of a Lease Rider where your landlord grants us the right to assume your rights and obligations under the lease in the



event that you breach your lease agreement or your Franchise Agreement is terminated or expires. We may require you to deliver executed copies of the lease and the Lease Rider to us within five (5) days of receiving a request from us. Our current form of Lease Rider is attached as Exhibit G to the Franchise Agreement.

### **Approval of Alternative Suppliers**

Except for products and services that are available from a single source, if you wish to purchase any item from a supplier we have not previously approved or an item that does not comply with our standards and specifications, you must first submit to us a written request for approval. We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved. In addition, the proposed supplier must permit our representatives to inspect its facilities (e.g. business offices and/or manufacturing facilities, as applicable). We reserve the right, at our option, and at the proposed supplier's expense, to inspect or re-inspect the facilities, equipment, and raw materials of any supplier, at any time. Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specifications, and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. We will make our criteria available to you upon your request.

The proposed supplier or you must pay, in advance, a fee equal to the greater of \$2,500 or the actual reasonable cost of any evaluation, testing, and inspections we undertake, the actual amount of which will depend on the evaluation, testing and inspections necessary to test such supplier's products. Within a reasonable time frame after we receive the completed request and after we complete any evaluation and inspection or testing (approximately 45 days), we will notify you in writing of our approval or disapproval of the proposed supplier or item. Generally, we will respond to your requests for supplier approval within a reasonable time period not to exceed 90 days. We are not required to approve any supplier or item not meeting our standards and specifications. We may deny approval for any reason, including our determination to limit the number of approved suppliers. You must not use, offer for sale or sell any of the proposed supplier's products or any other product that does not meet our standards or specifications until you receive our written approval of the proposed supplier or item.

We may revoke our approval of particular goods or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and/or stop purchasing from the disapproved supplier.

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**ITEM 9.**  
**FRANCHISEE'S OBLIGATIONS**

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

| Obligation                                                  | Section or Exhibit in Franchise Agreement               | Section or Exhibit in Development Agreement | Disclosure Document Item   |
|-------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|----------------------------|
| a. Site selection and acquisition/lease                     | Section 3 and Exhibit G                                 | 3.2 and 3.3                                 | Items 7, 11 and 12         |
| b. Pre-opening purchases/leases                             | Sections 4.01 and 9.02                                  | 3.2 and 3.3                                 | Items 7 and 8              |
| c. Site development and other pre-opening requirements      | Sections 3 and 9.02                                     | 3                                           | Items 6, 7, 8 and 11       |
| d. Initial and ongoing training                             | Section 4                                               | Not Applicable                              | Items 7, 11 and 15         |
| e. Opening                                                  | Sections 3, 4.01, 4.07, 10.01, and 14.02                | 1.1, 3.1, 3.2, 3.4.4 and Exhibit A          | Items 6, 7 and 11          |
| f. Fees                                                     | Sections 4, 6, 11.02, 12, 13.02, 13.06, 15.01 and 19.06 | 4, 7.4, 16.14 and Exhibit A                 | Items 5, 6, 7 and 11       |
| g. Compliance with standards and policies/Operating Manuals | Sections 3, 4.06, 9.01, 9.07, 10.04, 10.05              | Not Applicable                              | Items 8, 11, 13, 14 and 16 |
| h. Trademarks and proprietary information                   | Sections 4.06, 5, 7, 10.04, 10.05, 16.02                | 1.4                                         | Items 11, 13 and 14        |
| i. Restrictions on products/services offered                | Section 9                                               | 1.4                                         | Items 8 and 16             |
| j. Warranty and customer service requirements               | 9.07                                                    | Not Applicable                              | Not Applicable             |
| k. Territorial development and sales quotas                 | Not Applicable                                          | 1, 3.1, 3.2 and Exhibit A                   | Items 1, 5, 6 and 12       |
| l. Ongoing product/service purchases                        | Section 9                                               | Not Applicable                              | Item 8                     |
| m. Maintenance, appearance and remodeling requirements      | Sections 9 and 15.01                                    | Not Applicable                              | Items 7, 11 and 17         |
| n. Insurance                                                | Section 9.05                                            | Not Applicable                              | Items 6, 7 and 8           |

| Obligation                                   | Section or Exhibit in Franchise Agreement         | Section or Exhibit in Development Agreement | Disclosure Document Item |
|----------------------------------------------|---------------------------------------------------|---------------------------------------------|--------------------------|
| o. Advertising                               | Sections 9 and 10                                 | Not Applicable                              | Items 6, 7, 11 and 12    |
| p. Indemnification                           | Section 17.02                                     | 12.4                                        | Item 6                   |
| q. Owner's participation/management/staffing | Section 8.03                                      | 5.2                                         | Item 15                  |
| r. Records/reports                           | Sections 11 and 12                                | 5.3 and 5.4                                 | Item 6                   |
| s. Inspections/audits                        | Sections 4.08, 9.01 and 12                        | 5.4                                         | Item 6                   |
| t. Transfer                                  | Section 13                                        | 7                                           | Items 6 and 17           |
| u. Renewal                                   | Section 15                                        | Not Applicable                              | Items 6 and 17           |
| v. Post-termination obligations              | Sections 7 and 16                                 | 6.6 and 8                                   | Items 14, 15 and 17      |
| w. Non-competition covenants                 | Sections 7 and 9.10, and Exhibits C and E         | 8                                           | Items 14, 15 and 17      |
| x. Dispute resolution                        | Section 18                                        | 16                                          | Item 17                  |
| y. Personal Guaranty                         | Section 8.02 and Exhibit C                        | 9.2 and Exhibit C                           | Item 15                  |
| z. Confidential Information                  | Sections 4.06, 7, and 16.02, and Exhibits C and E | 8 and Exhibit C                             | Items 11, 14 and 15      |

## **ITEM 10.** **FINANCING**

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

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

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

### **Pre-Opening Services**

Under the Franchise Agreement: Before you open your Facial Bar, we will:

- (a) License to you the Marks for use in developing, advertising, opening and operating the Facial Bar. (Section 2 of the Franchise Agreement)

(b) Provide consent to (once it meets our standards and requirements) the lease, sublease or purchase agreement for your Facial Bar site. We do not choose the site but you will be given site criteria based on the existing facial bars. The site must meet these criteria, which may include demographic characteristics, traffic patterns, parking, character of neighborhood, competition from proximity to and the nature of other businesses, size, appearance, and other physical and commercial characteristics, unless we otherwise approve your site. You must submit to us all information and other data about the proposed Facial Bar site that we reasonably request. You cannot operate a Facial Bar without our inspection and acceptance of the site for the Facial Bar. (Section 3.01 of the Franchise Agreement)

(c) Provide you with a set of standard specifications for a prototype Facial Bar, which will include requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, fixtures, furnishings and color scheme. We do not provide any of these items directly. We do not deliver or install these items. We must approve any and all changes or revisions to these plans and specifications. (Section 3.04 of the Franchise Agreement)

(d) Identify operating assets, products and supplies, and equipment, that you must use to develop and operate the Facial Bar, which includes the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Section 9.02 of the Franchise Agreement) As described in Item 5, we or our affiliate(s) provide a portion of the Initial Opening Package, but you must purchase other opening inventory and supplies from suppliers on a list of our then-current designated or approved suppliers we will provide.

(e) Loan you one copy of our Operations Manual, which may consist of a number of individual manuals. (Section 4.06 of the Franchise Agreement) The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit D. We may update the Operations Manual from time to time, and you will be obligated to comply with the most current copy of the Operations Manual.

(f) Provide an initial training program to you and/or your Operating Partner and certain of your personnel, including our approximately nine-day in-person initial management training. However, you will be responsible for all fees, compensation and expenses (including transportation, lodging, food, and incidental expenses) incurred in connection with any training programs. This training is described in detail later in this Item 11. (Section 4.01 of the Franchise Agreement)

(g) We reserve the right to conduct on-site inspections during the construction of your Facial Bar as we deem appropriate, and we reserve the right to require you to pay us our then-current fee for such inspections and reimburse us our out-of-pocket expenses that we incur in conducting such inspections, including costs of transportation, lodging, and meals. (Section 3.03 of the Franchise Agreement)

Under the Area Development Agreement: Before you open the Facial Bar:

(a) We will approve or deny your proposed site for each Facial Bar. (Area Development Agreement, Section 3.2)

(b) We will provide you with site approval criteria. (Area Development Agreement, Section 3.2)

### **Post-Opening Services**

Following the opening of your Facial Bar and during its operation, we will:

(a) Provide periodic guidance to you with regard to the operation of your Facial Bar, including

improvements and changes to the System, and periodically modify the Operations Manual to reflect changes in standards, specifications, requirements and operating procedures. (Sections 4.05 and 4.06 of the Franchise Agreement)

(b) Notify you of changes to our list of approved or designated suppliers, or the termination of existing approved or designated suppliers. (Section 9 of the Franchise Agreement)

(c) We or our designee will administer the System Marketing Fund for the development of advertising and related programs and materials, as stated in the Franchise Agreement and as described below in this Item 11. (Section 10 of the Franchise Agreement)

(d) Provide periodic and ongoing training programs for you and/or your Operating Partner and your other personnel, as we deem appropriate. This training is described in detail later in this Item 11. (Section 4.03 of the Franchise Agreement)

(e) Periodically inspect, as we deem necessary, your Facial Bar and operations to assist you in complying with your Franchise Agreement and all System standards and provide advice based on such inspections. (Section 4.08 of the Franchise Agreement)

(f) Provide such additional advice, assistance and guidance as we may agree to, at your sole cost and expense. (Section 4.05 of the Franchise Agreement)

As the Area Development Agreement relates to the development of facial bars, the Area Development Agreement does not require us to provide any other assistance or services during the operation of the Facial Bar.

## **Site Selection**

### **Under the Franchise Agreement**

Before you sign your Franchise Agreement, we will work with you to determine a Territory (described in Item 12) for your Facial Bar that is mutually acceptable. You select the site for your Facial Bar, subject to our acceptance.

The site for your Facial Bar may be leased or owned by you, and we generally do not own the premises and lease them to you. The proposed site for your Facial Bar must be accepted by us along with any applicable lease, sublease or purchase agreement. Our approval of a site will be based on the information you give us to review, including a site plan. The information should include: (i) square footage; (ii) traffic patterns, flow, and total count; (iii) density and income level of the surrounding population; (iv) land and building costs; (v) zoning patterns; (vi) surrounding educational and recreational facilities; (vii) terms of the lease, if any; (viii) the distance from competitive businesses, including other facial bars; and (ix) other factors having a substantial bearing on the proposed site. In addition, you must submit for acceptance by us proposed site and construction plans and any modification to our specifications you propose. The construction of the premises must be completed according to our specifications. If you lease the premises, you and the landlord must enter into a lease reasonably acceptable to us, which includes the Lease Rider in substantially the form attached to the Franchise Agreement (currently as Exhibit G). If we do not approve a site, you must propose a new site. If we and you are unable to agree upon a site for your Facial Bar and, as a result, you fail to meet required opening date, we may terminate your Franchise Agreement. Once we have all the necessary documentation for review, we typically review that information and approve or disapprove the proposed site and lease within thirty (30) days. Once we have approved a site, it is your responsibility to conform the premises to local ordinances and building codes, and to obtain any required permits. Additionally, it is your responsibility to oversee the construction, remodeling, and/or decorating of the premises, according to the standards and guidelines we provide you.

We expect that the time from the date you sign the Franchise Agreement to the date you open your Facial Bar to be between six (6) and eight (8) months. The factors that affect this timing are financing, building permits, zoning, and local ordinance issues, and delayed installation of equipment, fixtures, and signs. Your Facial Bar must be open and operating within nine (9) months after you sign the Franchise Agreement, subject to any extensions that have been granted.

#### Under the Area Development Agreement

For each proposed site for a Facial Bar to be developed under the Area Development Agreement, you must also obtain approval of your site as outlined above. If you sign an Area Development Agreement, you must sign individual Franchise Agreements and begin operating a Facial Bar under each of those agreements within the time provided for in the Development Schedule, which may differ from the form of Franchise Agreement attached to this Disclosure Document, and find a site that meets our approval under our then-current site approval criteria. Under the Franchise Agreement and Area Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing.

#### Operations Manual

Exhibit D to this Disclosure Document is a summary of the content contained in our Operations Manual. As of the date of this Disclosure Document, our Operations Manual is approximately 173 pages. In lieu of a printed document, the Operations Manual may consist of computerized documents or software, information provided on the Internet or an extranet, or any other medium we adopt periodically for use with the System and designate as part of the Operations Manual, and may consist of a number of individual manuals. (Section 4.06 of the Franchise Agreement)

#### Advertising

##### Marketing Fund – Section 10.02 of the Franchise Agreement

We have established a System Marketing Fund (the “**Fund**”). You are required to contribute 3% of your Gross Sales to the Fund. We have no obligation to conduct advertising, except through the Fund. If we conduct advertising, it may be local, regional, or national in scope. We (or our designee, which might be a corporate subsidiary or affiliate or an advertising agency or consulting firm) will maintain and administer the Fund, as follows:

- (a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs, and retain sole discretion over the operation and advertising decisions of the Fund. The Fund is for brand development initiatives and programs intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your Marketing Contributions, or to make sure that you or any particular franchisee benefits directly or pro rata from expenditures by the Fund, or to spend any amounts in any particular geographic area. Any Facial Bar owned or operated by us or our affiliates will contribute to the Fund in the same manner as similarly situated franchisees. We may use outside advisors and agencies for advertising, marketing, public relations, Website and social media programs (and other successor technology platforms), and Marketing Contributions may be used to pay all advisor and agency fees and/or offset administrative costs of managing the Fund.
- (b) The Fund, and all contributions to and earnings from the Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System’s image and, in our sole discretion, promote general public awareness of and favorable support

for the System. This includes the costs (including, without limitation, reasonable salaries and overhead incurred by us) of creating, preparing, administering, directing, and conducting media marketing campaigns and System advertising, marketing and sales programs and campaigns; consumer research and marketing surveys designed to assist in maintaining high quality standards; public relations activities; trade show participation (including travel and expenses for our staff); the development and operation of a national and regional accounts program; online directory listings; developing, enhancing, and maintaining our Website and other Internet marketing, as well as social media and other digital applications (and other successor technology platforms); sponsorship of organizations and events; purchasing promotional items and advertising materials; out-of-pocket expenses (including printing, postage, shipping, telephone and photocopying); our allocable overhead and administrative costs (including compensation and expenses of employees relating to the Fund); and providing promotional and other marketing materials and services to the Facial Bars operating under the System. We do not expect to spend any money from the Fund for advertising that is primarily a solicitation of franchise sales except for the portion, if any, of our website specifically relating to soliciting franchisees.

- (c) All sums paid to the Fund will be maintained in an account separate from our general funds. The Fund is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the Fund. We will have the right to charge the Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for you and the System (for example, accounting costs, salaries, costs of our personnel for creating and implementing, advertising, merchandising, promotional and marketing programs and associated overhead). The Fund and its earnings will not otherwise inure to our benefit. We have no fiduciary obligation to you for administering the Fund. We may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described in this paragraph. We may use collection agents and institute legal proceedings to collect the Marketing Contributions at the Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.
- (d) We may occasionally make available to franchisees marketing plans and promotional materials produced from contributions to the Fund. Additionally, we may sell these items to franchisees in the System at a reasonable price, and any proceeds from any of those sales will be contributed to the Fund.
- (e) The Fund may spend in any calendar year more or less than the total Marketing Contributions in that year, borrow from us or others to cover deficits (which borrowing will include the payment of interest) or invest any surplus for future use. We will use interest earned on Marketing Contributions to pay costs before spending the Fund's other assets. We anticipate all of our franchisees will contribute to the Fund, although there is no prohibition against us charging higher or lower rates for future franchisees. We may, at any time, defer or reduce a franchise owner's Marketing Contributions and, upon written notice to you, reduce or suspend Marketing Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will either spend all monies in the Fund for advertising or promotional purposes, or distribute all unspent monies to franchise owners, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding twelve-month period.

- (f) We will prepare, on an annual basis, an unaudited statement of the earnings and expenditures of the Fund, and a copy of this statement will be made available within 60 days of our fiscal year end upon your written request. We are not required to have the Fund audited.

In our last fiscal year ended December 31, 2023, expenditures from the Fund by us were spent as follows:

|                           |        |
|---------------------------|--------|
| Public Relations          | 34.50% |
| Paid Digital              | 22.60% |
| Creative                  | 28.80% |
| Technology (Apps/Website) | 14.10% |

#### Local Marketing – Section 10.03 of the Franchise Agreement

You must spend at least 1.5% of your Gross Sales annually on local marketing (e.g., marketing, promotions, publicity, social network). We have the right to require that you provide us with proof that these funds were spent. If you fail to meet your required monthly local marketing requirement, you must pay us the difference between the amount you spent and the required advertising expenditure. Company or affiliate-owned Facial Bars are not required to spend any minimum percentage of their Gross Sales on local marketing; however, they will make expenditures in local marketing programs, as appropriate.

Certain criteria will apply to any local marketing and promotions that you conduct. All of your local marketing and promotions must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You must follow the procedures provided in the Operations Manual with respect to all advertising and promotional requirements. You may not use any advertising or promotional plans that we have not approved in writing. Your prices must also be approved by us. We will have ten (10) days after submission to us to review your proposed advertising and promotional plans and materials and/or prices. Unless we provide our specific approval in writing of your proposed advertising and promotional plans and materials, and prices, they are deemed not approved. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding twelve-month period must be submitted to us for our approval before you may use it. We also reserve the right to require you to discontinue the use of any previously approved advertising, promotional, sales, or marketing materials. Any materials you request us to create or submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. At our request, you must include certain language in your local marketing materials, such as “Franchises Available” and our Website address, telephone number, social media icons, and addresses.

You must participate in any other promotional and advertising programs that we establish.

No advertising or promotion may be conducted by you over the Internet, social media, or through other forms of electronic or digital media, whether within or outside your Territory, without our express prior written consent, which we can withhold for any or no reason. (Sections 10.04 and 10.05 of the Franchise Agreement)

We do not have a local or regional advertising cooperative franchisees must participate in or an advertising council comprised of franchisees. Other than the Fund, you do not have to participate in any other marketing fund. You must participate in all gift certificate, gift card, loyalty, and rewards programs sponsored at any time by us. Your costs associated with the gift card program include your responsibility to pay swipe fees on any gift cards purchased with credit cards, costs of the gift cards, periodic promotions to encourage gift card sales (which may include providing vouchers for free products and services in exchange for gift card sales meeting designated thresholds), and your obligation to give away product and services based on rewards your customers acquire and redeem. In addition, you are required to participate at your expense in all programs sponsored at any time by us to promote and reward the frequent and regular customers of Face Foundrie Facial Bars.



## **Grand Opening Promotion**

Before you open your Facial Bar, you will be expected to advertise its opening and create a Grand Opening Promotion plan that we approve. You must provide us with a Grand Opening Promotion plan at least sixty (60) days prior to the opening of your Facial Bar. During the period of time beginning thirty (30) days before until sixty (60) days following the opening of the Facial Bar, you must spend a minimum of \$25,000 to implement a grand opening advertising and promotional campaign, of which at least \$2,600 must be spent on social media advertising. Although \$25,000 is the minimum, we recommend you spend up to \$50,000 or more. We may require you to provide proof that these funds were spent. If you fail to spend the minimum required amount on the Grand Opening Promotion plan, we have the right to collect from you the difference between what you should have spent and what you actually spent. The Grand Opening Promotion plan is in addition to any Marketing Contributions that you must pay to us. We may require you to work with one or more vendors that we designate to execute the Grand Opening Promotion plan, and we may require you to purchase certain digital media, print media, branded promotional products, printed materials, signage, and similar items, from us or other vendors that we designate. (Section 10.01 of the Franchise Agreement). You may not open the Facial Bar until all signage is installed.

In addition to the required expenditures on a grand opening advertising and promotional campaign described above, during your first six (6) months of operation, you must also spend at least (a) \$2,600 per month on digital marketing, and (b) \$2,400 per month on other paid marketing tactics we have approved; these expenditures will count toward your local marketing requirements.

## **Advisory Councils**

We have formed an advisory council made up of franchisees and Franchisor representatives. The initial slate of franchisee members of the council were selected by the Franchisor; following these initial terms franchisee members will be elected by franchisees. The advisory council acts in an advisory capacity only and does not have decision making authority. We reserve the right to change or dissolve it at any time.

## **Computer Hardware and Software**

### **Computer Hardware**

You will need to acquire (either by purchase or lease) the computer hardware and software system that we may specify from time to time. This system may include, without limitation, computerized data processing systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Facial Bars, between or among Facial Bars, and between and among the System and Franchisor and/or Franchisee; credit card, debit card, and other non-cash payment systems, and related hardware; physical, electronic, and other security systems; tablets, printers and other peripheral devices; and archival back-up systems.

Before opening your Facial Bar, you must install, at your expense, our approved computer systems. Currently, our Facial Bar system requirements mandate that each Facial Bar must have an iMac computer for the reception system, as well as a computer for management use. You also will need to purchase or lease at least nine (9) iPads. You must also purchase other hardware to operate your Facial Bar and take payments, including a printer, phone system, and a security and sound system. We may provide you with detailed specifications and policies for these components, however, other than meeting our minimum requirements to ensure they are capable of integrating with our designated software, we do not currently specify the types of hardware you purchase. The computers will not only assist you in operating your business, but the computer in your reception area will be integrated with our facial bar management software. You will also use your computer to order your marketing materials and other supplies from us and our approved vendors. The cost of your computer will vary based on the brand and model you choose.

The total cost to purchase the required Computer Hardware is approximately \$9,000 to \$11,500, which is subject to change, and dependent on the brands and model you choose. We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, and communications systems into conformity with our then-current standards for new Facial Bars.

### Computer Software

You must obtain a license to use our designated facial bar management software for use in your facial bar and other software programs specified in our Operating Manual. The cost for the designated facial bar management software is currently \$360 per month, and is payable directly to the software provider. This software is a proprietary product that has been approved for our System and we have not approved any compatible equivalent software. The software vendor intends to provide the continuing monthly support you need to operate this facial bar management software and provide software updates at no additional cost to you, but neither it nor we are obligated to do so, and whether it or we does so or not is likely to depend on the extent of any upgrades. We do not provide support for any other third-party software. You must use the QuickBooks online accounting platform, which currently costs \$45 to \$90 per month, and our designated financial performance data reporting platform, the cost of which is included as part the Technology Fee you pay to us. Much of the software that you will use for your computer is standard software, not including the facial bar management software discussed above, that you will order with your computer.

As part of the Technology Fee you pay to us, we or a designed vendor will also provide website hosting and provide to you email hosting and support for at least two email addresses per Facial Bar. Our current technology fee is \$350 per month, although we reserve the right to increase the Technology Fee during the term of the Franchise Agreement for additional technology needs.

### Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to your computer system. We anticipate that you will be required to upgrade or update the computer system during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. We estimate that the cost of any optional or required maintenance, and software and hardware upgrades, will range from \$500 to \$1,000 annually. Other than as described above, we do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise.

You must have sufficient computer skills to be able to operate your computer system and to access email and the internet. You must have access to the internet and maintain an email account that allows us to communicate with you on a regular basis. You will use your computer for appointment scheduling, customer management, point-of-sale transactions, employee management and education, e-commerce, inventory management, business and payroll reporting, marketing, and social media integration. Our software will also give you access to ongoing support and online education.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems. We strongly recommend that your computer system be used for business purposes only, and not for entertainment, personal social networking site access, or other matters unrelated to your business.

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 rights and responsibilities concerning, the software or the technology. We or 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 your Franchise Agreement.

#### **Training – Section 4 of the Franchise Agreement**

Before your Facial Bar opens, we will provide an “**Initial Training Program**” at a location we designate. As of the date of this Disclosure Document, the Initial Training Program will be conducted at our headquarters in Eden Prairie, Minnesota and at affiliate-owned Face Foundrie Facial Bars in the Minneapolis, Minnesota metropolitan area, or virtually, or through a combination of these, to be determined in our discretion. The Initial Training Program may be held elsewhere in the future at our discretion. As of the date of this Disclosure Document, the Initial Training Program consists of nine (9) days of in-person training and four (4) days of virtual training for your Operating Partner and your Salon Manager; for estheticians the Initial Training Program is seven (7) days of in-person training and three (3) days of virtual training. There is no charge for a total of three (3) people to attend this training, but you are responsible for all travel and living expenses that you and your employees incur in attending the training. The person you designate as your Operating Partner and your Salon Manager must attend and complete this training program to our satisfaction at least sixty (60) days prior to opening. You may invite additional employees to attend the Initial Training Program if space allows, though we may charge you our then-current training fee (currently \$1,200 per attendee, plus costs) for each additional individual. We may require your assistant managers to attend the Initial Training Program, in our sole discretion.

Any successor or replacement Operating Partner or Salon Manager must successfully complete the Initial Training Program no more than thirty (30) days after appointment (except that a replacement Salon Manager who already works in your Facial Bar as an esthetician or front bar attendant are not required to attend the full Initial Training Program, but instead will attend Manager Boot Camp described below). No such person may offer services to your Facial Bar or supervise your Facial Bar until they have completed the Initial Training Program. You must pay our then-current training fee (currently \$1,200 per attendee, plus costs) for any successor or replacement Operating Partner or Salon Manager that attends the Initial Training Program. With our approval, any successor or replacement Salon Manager who has already worked in in your Facial Bar and is being promoted from an esthetician or front bar attendant is not required to attend the full Initial Training Program, but instead will attend “**Manager Boot Camp**,” which, as of the date of this Disclosure Document, is a four (4) day program. You must pay our then-current training fee (currently \$800 per attendee, plus costs) for any successor or replacement Salon Manager that attends the Manager Boot Camp.

Before you open, we will send a Performance Manager, New Store Opener, or Trainer, who is a member of our team, to your Facial Bar to confirm that your staff is properly trained and the Facial Bar is ready to open. If our representative determines, in our sole discretion, that additional training is required before you may open the Facial Bar, such additional training will be subject to our then-current training fees of \$400 per trainer per day, plus the trainer’s expenses, including travel, lodging, meals and other reasonable expenses.

Training will occur after you sign the Franchise Agreement and while you are developing your Facial Bar. Your attendees must complete initial training to our standards and satisfaction, as we determine in our sole discretion, before you may open your Facial Bar. We plan to be flexible to accommodate our personnel, you and your personnel. We do not have set training dates, but will conduct training sessions on an as-needed basis. If your Operating Partner, and your manager-level employees cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement.

The following represents a summary of our Initial Training Program as of the date of this Disclosure Document:

### INITIAL TRAINING PROGRAM

| Subject                       | Hours of Classroom Training | Hours of On-The-Job Training | Location               |
|-------------------------------|-----------------------------|------------------------------|------------------------|
| Onboarding Calls              | 4                           | 0                            | Online/Virtual         |
| Overview Prewrite             | 6                           | 0                            | Online/Virtual         |
| Esthetics Prewrite            | 5                           | 0                            | Online/Virtual         |
| Introduction to FACE FOUNDRIE | 1                           | 0                            | Online/Virtual         |
| Product // Service Overview   | 2                           | 0                            | Online/Virtual         |
| Operations                    | 16                          | 0                            | Online/Virtual         |
| Technology // POS             | 8                           | 0                            | Online/Virtual         |
| Management Tools              | 6                           | 0                            | Online/Virtual         |
| Inventory // Suppliers        | 4                           | 0                            | Online/Virtual         |
| Accounting // Finance         | 2                           | 0                            | Online/Virtual         |
| Product Training              | 0                           | 2                            | Corporate Headquarters |
| Protocol Hands-On             | 0                           | 36                           | Corporate Headquarters |
| BLVD                          | 0                           | 3                            | Corporate Headquarters |
| Model // Test Out             | 0                           | 20                           | Corporate Headquarters |
| Store Shadow                  | 0                           | 3                            | Corporate Store        |
| <b>Totals</b>                 | <b>54</b>                   | <b>64</b>                    |                        |

As of the date of this Disclosure Document, the Initial Training Program will be administered primarily by Hannah Zaborowski, our Training Manager, who has approximately five (5) years of experience in the beauty industry, including serving as an esthetician in a Face Foundrie Facial Bar for approximately five (5) years. Other personnel who may be involved in the providing the Initial Training Program include Madi Greely, who has

approximately five (5) years of Esthetics experience including four and a half (4½) years with the Face Foundrié brand as both an Esthetician and Salon Manager at our affiliate's Minneapolis, Minnesota location, where she presently serves as a Performance Manager. Other members of our training staff at our discretion may conduct training as necessary, and we may delegate our duties and share our training responsibilities. Training staff will have a minimum level of experience working within the Face Foundrié system for at least two years.

The Operations Manual serves as our primary instructional material during the Initial Training Program. The materials for the training will be accessible online and/or via printed form. If you have more than one Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements.

You are responsible for hiring and providing a training program for all of your employees other than the attendees of the Initial Training Program, and all employees must pass such training program before providing services at your Facial Bar. We may approve the length and content of all training programs you provide to your employees. Additionally, we may require that your manager-level employees become certified by us before providing training to any new or replacement employees at your Facial Bar. We may test any employees trained by such certified trainer and require them to successfully complete additional training programs periodically conducted by us, for our then-current training fee (currently, \$400 per trainer per day, plus out-of-pocket expenses).

If, at any time during your operation of the Facial Bar, you request that we provide additional training or assistance, or if we determine that you require additional training or assistance, you must pay our then-current per diem training fee for each trainer, currently \$400 per trainer per day, and you must reimburse us for all out-of-pocket costs and expenses incurred by our trainers associated with the additional training, including travel, lodging, meals and other reasonable expenses. Neither you nor your employees will receive any compensation from us for services performed during training. You will bear all other expenses incurred in such training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

We may periodically conduct a conference, convention, program, or training session, including, if we establish one, our annual franchise convention for all System franchise owners at a location that we choose and approve. We will determine the duration, curriculum, and location of these events. You and your Operating Partner must attend each conference, convention, program, or training session. We may also require all of your Facial Bar managers, including replacement managers, to complete initial and on-going training programs to our satisfaction. These meetings may be held in Eden Prairie, Minnesota, or any other place that we may designate and, except for the franchise convention, may last one to two days. Lastly, as a condition of renewing your Franchise Agreement, we may require you to undergo further training. We may charge a reasonable fee for these sessions and you must pay all expenses incurred in attending, including the travel, living and other expenses and wages of your employees while attending all training programs. You must also maintain a computer and any other necessary digital device on which you and your employees can perform those training programs that are available digitally.

## **ITEM 12.** **TERRITORY**

### **Under an Area Development Agreement**

If you sign an Area Development Agreement, we will describe the development territory in the Rider to that agreement ("**Development Territory**"). The territory will typically be described as a geographic area in which each of your Facial Bars must be developed. The factors that we consider in determining these territories include density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, driving time, natural boundaries, location of other Facial Bars, the number of Facial Bars you wish to develop, and our development plans. As long as you are in compliance with your obligations under the Area Development Agreement and all of the Franchise Agreements

between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a Facial Bar in these development territories, subject to our reserved rights below. Your rights in these territories will end at the earlier of: (i) the date your Area Development Agreement expires; and (ii) the date you must sign the Franchise Agreement for your last Facial Bar under the terms of the Development Schedule. If the Development Territory covers more than one city, county, or designated market area, the protection for each particular city, county or designated market area will also expire on the date when we determine the protected territory to be given to you under a franchise agreement for your final Facial Bar to be developed in that city, county, or designated market area. When your rights in your Development Territory have expired under the Area Development Agreement, you will still have the rights granted to you in any portion of these territories under an individual franchise agreement.

If you are in full compliance with your Development Agreement and any existing Franchise Agreement you have entered into with us, then we will grant you the right to open the number of Facial Bars you agreed to open as part of your Development Schedule within your Development Territory. Your Development Schedule will depend on the number of units you acquire the rights to develop in your Development Agreement; however, generally, your Development Schedule will be based on you opening one (1) Facial Bar every nine (9) months.

If you sign an Area Development Agreement, you must sign individual Franchise Agreements and find a site that meets our approval under our then-current site approval criteria under each individual Franchise Agreement you sign.

### **Under a Franchise Agreement**

The Franchise Agreement grants to you the right to own and operate a Facial Bar at a specific location approved by us. You may not conduct the business of your Facial Bar at any site other than the approved premises or relocate your Facial Bar without our prior written consent. If the site for your Facial Bar has been identified before you sign the Franchise Agreement, then you must operate the Facial Bar at that site. If the site becomes unavailable to you for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, and before you obtain any rights in the location. If a site has not been identified, we will designate an area, and you may locate your Facial Bar at any place within that area, so long as the site you select is not also within a territory of another Facial Bar. Until a site has been identified, you will not have any rights to operate your Facial Bar at any specific location.

Your Franchise Agreement may also specify a protected territory (“**Territory**”). We may attach a map to your Franchise Agreement that will identify the territory or we may simply describe an area surrounding your location. The map or description may not be a specific radius from your facial bar, because it will take into account traffic patterns and natural boundaries. Because each location is different, the Territory for each Facial Bar will be different; however, each Territory will generally contain a population of up to 40,000 individuals and range from a one (1) to three (3) mile radius around the Facial Bar. The size and scope of the Territory will be determined, in our sole discretion, during the site confirmation process based upon various factors such as (a) whether the approved location is an urban area or a suburban area; (b) population of the area; (c) competition in the area; and (d) policies regarding protected territories and other conditions that we deem appropriate; among other factors.

Except as noted below, as long as you are in compliance with the Franchise Agreement, we will not operate a Facial Bar or grant to a third party the right to operate a Facial Bar within your Territory. Protected territories may overlap, but we will not approve anyone opening or operating a FACE FOUNDRIE facial bar within the protected territory given to another facial bar.

You may not move or relocate your Facial Bar without our prior written consent, which consent will not be unreasonably withheld. A request for relocation must be made in writing, stating the new location, received by

us at least sixty (60) days before the date of intended relocation, and be accompanied by a relocation fee of \$1,000 (the “**Relocation Fee**”). The new location must be within your territory, and it may not be located within any territory we grant to any other franchisee. In addition to the Relocation Fee, you will be responsible for any additional expenses we incur in facilitating your relocation.

### **Under the Franchise Agreement and Area Development Agreement**

We may also have situations where we designate a “TBD” (to be determined) search area, protected territory or development territory. If you receive a TBD territory, you have the right to look for a site in any area that has not already been given as a protected territory, search area, or development territory to another FACE FOUNDRÉ facial bar. However, if you find a proposed site in near proximity to another FACE FOUNDRÉ facial bar, even though not in that facial bar’s protected territory, we may offer the site to the existing franchisee before we agree to assign that area to you or grant you the right to develop your facial bar at that site.

If you do not name a protected territory or development territory, or if your protected territory or development territory is “to be determined” you will not have rights to a protected territory until you name a location that is approved by us and we assign your protected territory or development territory, as applicable. In this case, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

### **Other**

As a result of our reserved rights described in this Item 12, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive brands that we or our affiliates control. You have no options, rights of first refusal or similar rights to acquire additional franchises or establish additional Facial Bars. We are not obligated to pay compensation to you for soliciting customers from your franchise territory. We have not established any minimum sales quota and do not require any certain level of sales, revenue volume or market penetration in order for you to maintain your Territory. We will not reduce the size of your Territory even if the population in it increases. Likewise, we will not expand the size of your Territory if the population in it decreases. We cannot alter your Territory unless you give us your written consent. Without our prior written consent, you may not conduct sales activities outside your Territory. You may not conduct any Facial Bar activities outside of the premises of your Facial Bar unless we have approved such activities in writing, and you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory.

### **Similar Businesses By Us**

Under the Franchise Agreement, we and our affiliates have reserved (a) the right to establish and operate anywhere franchises and/or company-owned or affiliate-owned Facial Bars or outlets selling similar products and providing similar services (including within your Territory) under names and symbols other than the Marks, even if these Facial Bars or outlets are near your Facial Bar; as of the date of this Disclosure Document, we have no current plans to operate or franchise a business under marks other than the Marks, which business will sell goods or services similar to those that are sold by you; (b) the right to operate, for ourselves and our affiliates, businesses using the Marks to distribute products or offer services (including through the Internet, worldwide web, mail order, catalogs or other forms of distribution channels or methods) that may be similar to or different from those found in Facial Bars, both within and outside your Territory, so long as we do not do so through the operation of a Facial Bar; and (c) the exclusive right to sell products identified with the Marks both within and outside your Territory through any distribution channel or method (whether at retail or wholesale), including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, supermarkets and club stores, except through the operation of a Facial Bar, even if you sell these products at your Facial Bar.

As one example, we have the right to sell FACE FOUNDRIÉ beauty products through a nationwide retail chain even if the chain has facilities located within your Territory.

### **ITEM 13.** **TRADEMARKS**

Under the Franchise Agreement, we grant you the non-exclusive right to operate your Facial Bar under the name “FACE FOUNDRIÉ” and to use the other Marks we authorize you to use. The table below lists the principal Marks that you may use with your franchise.

The Marks are owned by our parent, Face Foundrié LLC and are licensed exclusively to us. Face Foundrié LLC has granted us an exclusive license (“**Trademark License**”) to use the Marks to franchise the System in the United States. The Trademark License is for ten (10) years and began on April 14, 2020. It will automatically renew for subsequent ten (10)-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, Face Foundrié LLC has agreed to license the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated.

Face Foundrié LLC has registered the following Marks on the Principal Register of the United States Patent and Trademark Office (“**USPTO**”):

| <b>Mark</b>                                                                                          | <b>Registration No.</b> | <b>Registration Date</b> | <b>Owner</b>      |
|------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|-------------------|
| FACE FOUNDRIÉ                                                                                        | 6131797                 | August 18, 2020          | Face Foundrié LLC |
| <br>FACE FOUNDRIÉ | 6257906                 | January 26, 2021         | Face Foundrié LLC |
|                   | 6449466                 | August 10, 2021          | Face Foundrié LLC |
| A FOCUSED FACIAL BAR                                                                                 | 6259517                 | February 2, 2021         | Face Foundrié LLC |
| I REALLY LIKE YOUR FACE                                                                              | 6152770                 | September 15, 2020       | Face Foundrié LLC |
| WE WANT TO TOUCH YOUR FACE                                                                           | 6712950                 | April 26, 2022           | Face Foundrié LLC |

We have filed or intend to file all required affidavits and renewals for the principal Marks. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Marks listed above. Other than as described in this Disclosure Document, we do not know of any superior rights or infringing uses that could materially affect your use of the Marks. No agreement limits our rights to use or allow franchisees to use the Marks.



On July 16, 2019, we signed an agreement with The Foundry Group LLC which operates a salon under the name FOUNDRY in New Braunfels, Texas, that allows us to register and use, and license others to use, the mark FACE FOUNDRIE without restriction.

You must follow the Franchise Agreement, the Operations Manual and our specifications and directives when you use the Marks. The Marks are the only marks you may use to identify the Facial Bar. You may not use any Marks as part of any corporate or trade name or as part of any domain name or electronic address you maintain on the Internet, the worldwide web, or any other similar proprietary or common carrier electronic delivery system unless we expressly authorize you to do so in writing. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks other than a license to use the Marks during the term of the Franchise Agreement. You are not permitted to make any changes of any kind in or to the use of the Marks unless we permit.

You must notify us immediately when you learn about an infringement of or challenge to your use of a Mark. We will take the action we think appropriate. We have the right to exclusively control any litigation, USPTO proceeding, or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark.

You must not directly or indirectly contest our right to the Marks, trade secrets or business techniques that are part of our business. You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks, and bear the cost of any judgment or settlement, if we determine that you have used the Marks in accordance with the Franchise Agreement. However, if we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement we will also reimburse you for your out-of-pocket costs.

You must modify or discontinue the use of a Mark, and you must adopt or use additional or substituted Marks, if we instruct you to do so. If this happens, you are responsible for your tangible costs of compliance (e.g., changing signs and uniforms) and we do not have to reimburse you for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. You waive any claim against us for changing, modifying or discontinuing a Mark. We may also develop or acquire additional Marks and make them available for your use or require you to use them.

#### **ITEM 14.**

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

#### **Patents**

We have no patents or pending patents that are material to the operation of your Facial Bar.

#### **Copyrights**

We claim copyright protection covering various materials used in our business and the development and operation of Facial Bars, including the Operations Manuals, advertising and promotional materials, service

menus, designs, informational brochures and flyers, and similar materials. We have not registered these materials with the United States Copyright Office.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any such discontinuance or modification.

We may claim copyright protection in certain techniques we create, and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them at no additional charge. Any modifications or improvements that you make to the System, including ideas, concepts, methods or techniques, will be deemed works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modifications or improvements. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, methods or techniques. All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees and marketing funds and programs of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may periodically require that you sign a license agreement for the use of proprietary materials that we provide to you.

### **Confidential Information**

Except for the purpose of operating a Facial Bar under a Franchise Agreement, you may not communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Facial Bar that may be communicated to you or that you may learn by virtue of your operation of a Facial Bar. Our Operations Manuals are confidential information. If any confidential information, knowledge, or know-how constitutes a trade secret under applicable law, these restrictions will continue if and for so long as the confidential information, knowledge, or know-how is considered a trade secret. You may divulge confidential information only to those of your employees who must have access to it to operate the Facial Bar. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain through publication or communication by others having the right to do so.

You must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of confidential information. In addition, we may require you, your Operating Partner, and other owners, to sign confidentiality, non-competition and non-solicitation agreements in the form(s) approved by us which will prohibit them from directly or indirectly engaging in activities that compete with the operations of your Facial Bar or any other Facial Bar, disclosing our or our affiliates' confidential and proprietary information and trade secrets, and soliciting our or our affiliates' employees and employees of other Facial Bars. We may also require certain key employees who have received our confidential and proprietary information to enter into a confidentiality agreement. At our request, you must deliver copies of such agreements to us. These agreements must include specific identification of us as a third-party beneficiary with the independent right to

enforce the covenants. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees or others.

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees. You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information. We are not required to protect or defend our copyrights or confidential information although we intend to do so when it is in the best interests of the System. We have the exclusive right to control any copyright litigation. We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you. While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manual. You must adopt and use all additions, deletions, and changes as we direct, at your expense. At the end of the term of the Franchise Agreement, you must also deliver to us all of our confidential information and Operations Manuals in your possession.

#### **ITEM 15.**

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

You must designate one of your owners, who must be an individual person and who must be reasonably acceptable to us, to act as the decision-maker and our primary contact for your Facial Bar (the “**Operating Partner**”). Your Operating Partner must own a minimum of 20% of the equity in your business. Your Operating Partner must maintain direct responsibility over the Facial Bar and must devote full time and best efforts to the operation of the Facial Bar; however, we do not require that you personally supervise the day-to-day operations of the Facial Bar. You must also designate a separate “**Salon Manager**” that meets our qualifications and is approved by us to devote full-time and best efforts to the day-to-day supervision of the Facial Bar. You must designate the Salon Manager at least ninety (90) days before the opening of your Facial Bar. Any replacement Salon Manager must be appointed within sixty (60) days after the departure of your previous Salon Manager. Each Facial Bar must have a different Salon Manager. You acknowledge that the appointment of a Salon Manager will not relieve your Operating Partner of his or her supervisory responsibilities for the operation of your Facial Bar. Your Operating Partner will remain fully responsible for your Salon Manager’s performance. If your Salon Manager resigns or is terminated, or no longer meets our qualifications, your Operating Partner must immediately assume day-to-day operational management and supervision of your Facial Bar on a full-time basis until the appointment of a new Salon Manager who meets our qualifications, is approved by us, and who has completed the required training. If you are a business entity, your Salon Manager need not own any equity interest in you.

We require that your initial Facial Bar be located within a one (1) hour drive of your primary residence; although we reserve the right to waive this requirement in our sole discretion. Your Operating Partner and the Salon Manager must complete our initial training requirements and all other training we reasonably designate. We also require that the controlling owner in your business and the Operating Partner, if different, attend our Annual Conference each year, even if that person is not personally supervising your Facial Bar.

We may require each of your owners and their spouses to personally guarantee, on a joint and several basis, your obligations to us under the Franchise Agreement. The guarantees will be in the form of the Guaranty,

Indemnification, and Acknowledgement attached as Exhibit C to the Franchise Agreement. Additionally, you must obtain a Confidentiality Agreement in the form included as Exhibit I to the Franchise Agreement from your Salon Manager and any other managers, assistant managers, and employees to whom you provide our confidential information and you must deliver such agreements to us within three (3) days from the date we require them.

#### **ITEM 16.**

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

You must conduct the business operated at your Facial Bar as required by the Operations Manual and the Franchise Agreement. You must offer and sell only those products and services approved by us. Further, you must offer all goods and services that we designate as required for all franchisees. We have the right to add additional authorized goods and services that you must offer. There are no limits on our right to make modifications to our approved or required products and services, whether by a change in the Operations Manual or through an amendment to the Franchise Agreement or by another form of written directive.

You are permitted to provide off-premises services only with our written consent and only within your Territory, and are prohibited from providing off-premises services unless we allow you to do so by providing you with written permission. You may solicit customers and advertise your Facial Bar anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's franchise territory. No party is obligated to pay compensation to any other party for soliciting customers from the other franchisee's franchise territory.

You may sell products and services to retail customers and prospective retail customers who live anywhere but who choose to visit your Facial Bar. Other than as described in this Disclosure Document, you have no right to sell products through the Internet or worldwide web, through smart phone or other digital applications, mail order or catalogs, through telemarketing or other direct marketing or through any other form of distribution channel or method. You have no right to use the Marks in connection with any business other than the Facial Bar. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement. You may face competition from other franchisees, from Facial Bars that we or our affiliates own, or from other channels of distribution or competitive brands that we control.

You may only sell products to consumers for consumer purposes (and not for resale). You may not sell products at wholesale. You must refrain from using or permitting the use of your Facial Bar for any other purpose or activity at any time without first obtaining our written consent. We reserve the right to establish maximum and minimum resale prices for use with multi-area marketing programs and special price promotions. We must approve all of your advertising. We do not otherwise limit the persons to whom you may offer your products and services.

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

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

**Franchise Agreement**

| Provision                                         | Section in Franchise Agreement  | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise term                   | Section 2.01                    | 10 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| b. Renewal or extension of the term               | Section 15.01                   | If you meet the requirements, you can renew for one additional consecutive 10 year term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| c. Requirements for franchisee to renew or extend | Sections 15.01, 15.02 and 15.03 | You must: provide written notice of election to renew; not be in default of the Franchise Agreement or any other agreement relating to the Facial Bar; sign the then-current form of Franchise Agreement which may contain terms and conditions which are materially different from the terms and conditions in your original Franchise Agreement; pay a renewal fee; refurbish the Facial Bar; complete any required retraining program; sign a general release; and maintain ownership or leasehold interest in the Facial Bar location or secure a suitable alternative. Terms of the then-current form of Franchise Agreement may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document. |
| d. Termination by franchisee                      | Section 14.01                   | You can terminate only if we fail to cure a default under the Franchise Agreement within 90 days (or 150 days in some instances) after you give us written notice of termination.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| e. Termination by franchisor without cause        | Not Applicable                  | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| Provision                                               | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| f. Termination by franchisor with “cause”               | Sections 14.02 and 14.03       | We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| g. “Cause” defined – curable defaults                   | Section 14.03                  | Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered in (h) below, including: failure to submit required reports; failure to attend training programs; and failure to maintain required insurance. You have 30 days (or longer in some instances) after we give you written notice to cure the default.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| h. “Cause” defined – non-curable defaults               | Section 14.02                  | Insolvency; bankruptcy; liquidation; reorganization; general assignment for benefit of creditors; failure to pay us or any creditor, supplier or lessor of the Facial Bar any sums due after written notification; failure to complete initial training program; failure to open Facial Bar within 9 months (without approved extension); abandonment of Facial Bar; conviction of a felony or crime involving moral turpitude; operation of the Facial Bar as a safety hazard; making of material misrepresentations or knowingly maintaining false books or records; unauthorized transfer; failure to comply with non-competition, non-solicitation and confidentiality provisions; unauthorized use of any Mark; failure to comply with any applicable law; unauthorized seizures; underreporting of Gross Sales; receipt of three default notices within a 12 month period; making same default twice within a 12-month period; or any other default not susceptible to cure. |
| i. Franchisee’s obligations on termination/non- renewal | Sections 7 and 16              | Obligations include complete de-identification of Facial Bar; payment of amounts due; payment of liquidated damages; return confidential materials; cancel assumed name registration; transfer telephone and fax numbers and Internet listings; discontinue use of email address and social media accounts; no involvement in a competitive business; follow any procedures in the Operations Manual related to discontinuing operations of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Provision                                                               | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                         |                                | the Facial Bar; and offer us the right to purchase the Facial Bar and/or assume interest in lease or sublease.                                                                                                                                                                                                                                                                                                                                                                            |
| j. Assignment of contract by franchisor                                 | Section 13.07                  | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| k. “Transfer” by franchisee – defined                                   | Section 1.04                   | Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any assets of Facial Bar, the Facial Bar premises, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.                                                                                                                                                                                                                                   |
| l. Franchisor approval of transfer by franchisee                        | Section 13.01                  | We have the right to approve all transfers but will not unreasonably withhold approval.                                                                                                                                                                                                                                                                                                                                                                                                   |
| m. Conditions for franchisor approval of transfer                       | Section 13.02                  | Transferee qualifies; transferee assuming obligations under Franchise Agreement and/or entering into new franchise agreement and any other agreements we require; terms and conditions of transfer are satisfactory to us; you are not in default under the Franchise Agreement, or any other agreement between you and us; transferee completes training; upgrade Facial Bar if required; signing of a general release; fee paid; and we decline to exercise our right of first refusal. |
| n. Franchisor’s right of first refusal to acquire franchisee’s business | Section 13.05                  | We can match any offer for the transfer of your business or any ownership interest.                                                                                                                                                                                                                                                                                                                                                                                                       |
| o. Franchisor’s option to purchase franchisee’s business                | Section 16.03                  | Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase the Facial Bar.                                                                                                                                                                                                                                                                                                                                                                        |
| p. Death or disability of franchisee                                    | Sections 8.03, 13.04 and 13.06 | Franchise must be assigned by estate to an approved buyer. If your Salon Manager dies or becomes disabled, your Operating Partner must manage.                                                                                                                                                                                                                                                                                                                                            |
| q. Non-competition covenants during the term of the franchise           | Section 7.01(a)                | No direct or indirect involvement in competitive business. Subject to state law.                                                                                                                                                                                                                                                                                                                                                                                                          |
| r. Non-competition covenants after the                                  | Section 7.01(b)                | For two years, no involvement in competitive business located within a 10-mile radius of                                                                                                                                                                                                                                                                                                                                                                                                  |

| Provision                                         | Section in Franchise Agreement  | Summary                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| franchise is terminated or expires                |                                 | any Facial Bar. Competitive business includes any business operating or franchising an establishment (i) at which more than 10% of the offerings consist of facial services or beauty treatments for the face, or (ii) that offers waxing services. Subject to state law.                                                                                                                   |
| s. Modification of the agreement                  | Sections 4.06 and 19.13         | Generally, no modifications unless agreed in writing. We may revise the Operations Manual and you must comply with each requirement.                                                                                                                                                                                                                                                        |
| t. Integration/merger clause                      | Sections 19.13 and 19.18        | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | Sections 18.02 and 18.03        | Except for certain claims, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration.                                                                                                                                                                                                                                                                 |
| v. Choice of forum                                | Sections 18.02, 18.03 and 18.04 | Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Mediation must occur in a metropolitan area within 20 miles of our principal executive office and arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.                    |
| w. Choice of law                                  | Section 19.04                   | Subject to applicable state law, Minnesota law applies generally, provided that the Minnesota Franchise Act and other franchise-specific laws and regulations of the State of Minnesota generally do not apply to Facial Bars located outside of Minnesota.                                                                                                                                 |



### Under the Area Development Agreement

| Provision                                              | Section(s) in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Length of the franchise term                       | Section 2 and Exhibit A                  | Unless sooner terminated in accordance with the provisions of the Area Development Agreement, the Area Development Agreement will commence on the date of the Area Development Agreement and will expire on the earlier of (i) the date you execute the final Franchise Agreement in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Facial Bars to be located in the Development Area as set forth in the Development Schedule; or (ii) the final date set forth in the Development Schedule.                                                       |
| (b) Renewal or extension of the term                   | Not Applicable                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (c) Requirements for area developer to renew or extend | Not Applicable                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (d) Termination by area developer                      | Not Applicable                           | You may terminate the Area Development Agreement under any grounds permitted by law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (e) Termination by franchisor without cause            | Not Applicable                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (f) Termination by franchisor with cause               | Section 6                                | We may terminate the Area Development Agreement under certain circumstances as set out below and at law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (g) “Cause” defined – curable defaults                 | Section 6.4                              | If you fail to comply with any material term and condition of the Area Development Agreement, such action shall constitute a default, allowing us to terminate the Area Development Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination; but you may avoid termination by curing the default to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) day period. Any default by you under the Franchise Agreement may be treated as a default under any |

| Provision                                  | Section(s) in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                            |                                          | other agreement between us (or any affiliate of ours) and you (or any affiliate of yours). Any default by you under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours) may be treated as a default under the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (h) “Cause” defined – non-curable defaults | Sections 6.1, 6.2, and 6.3               | <p>You will be deemed to be in default under the Area Development Agreement, and all rights granted thereunder will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of yours or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if final judgment remains unsatisfied or of record for thirty (30) days or longer; if you are dissolved; if execution is levied against any asset of you or your Facial Bars; if suit to foreclose any lien or mortgage against any asset of you or your Facial Bars is instituted against you and not dismissed within thirty (30) days; or if any asset of yours or any of your Facial Bars is sold after levy thereupon by any sheriff, police officer, or bailiff.</p> <p>You will be deemed to be in default and we may, at our option, terminate the Area Development Agreement and all rights granted thereunder, without affording you any opportunity to cure the default, effective immediately upon the provision of notice to you, upon the occurrence of any of the following events of default: If you fail to meet a deadline under the Development Schedule; if the Franchise Agreement for any Facial Bar operated by you (or an entity affiliated with you) is terminated; if you or any owner is convicted of a felony, a crime involving moral turpitude, or any other crime or action that we believe is reasonably</p> |

| Provision                                                   | Section(s) in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                             |                                          | likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interest therein; if you or any owner purports to transfer any rights or obligations under the Area Development Agreement or any of the assets of yours in a manner that is contrary to the terms of the Area Development Agreement; if any Facial Bar operated by you (or an entity affiliated with you) at any time ceases to operate or is otherwise abandoned for a period of two (2) consecutive days, or five (5) individual days in any twelve (12) month period, unless such closure is approved in writing by us, or excused by <i>force majeure</i> ; if you misuse or make any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System; or if you breach any material provision of the Area Development Agreement, which breach is not susceptible to cure. |
| (i) Area developer's obligations on termination/non-renewal | Section 6.6                              | Upon termination or expiration of the Area Development Agreement, you will have no right to establish or operate any Facial Bar for which a Franchise Agreement has not been executed by us at the time of termination or expiration. Our remedies for your breach of the Area Development Agreement include, without limitation, your loss of your right to develop additional Facial Bars under the Area Development Agreement, and our retention of all area development fees paid or owed by you. In addition, in the event the Area Development Agreement is terminated due to a breach by you, you will be required to pay us damages for breach of that agreement.                                                                                                                                                                                                                                            |
| (j) Assignment of contract by franchisor                    | Section 7.1                              | There are no limits on our right to assign the Area Development Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (k) "Transfer" by area developer – defined                  | Section 7.2                              | You understand and acknowledge that we have granted the rights hereunder in reliance on the business skill, financial capacity, and your personal character or your owners if you are not an individual. Accordingly, neither you nor any owners shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in you (including any direct or indirect interest in a                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Provision                                                                    | Section(s) in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                              |                                          | corporate or partnership Area Developer), your rights or obligations under the Area Development Agreement, or any material asset of your business, without our prior written consent, which shall be subject to all of the conditions and requirements for transfers set forth in the Franchise Agreement executed simultaneously with the Area Development Agreement that we deem applicable to a proposed transfer under the Area Development Agreement. |
| (l) Franchisor approval of transfer by area developer                        | Section 7.2                              | We have the right to approve transfers.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (m) Conditions for franchisor's approval of transfer                         | Sections 7.2 and 7.3                     | Unless waived, a transfer of the Area Development Agreement is conditioned on, among other factors, the requirement that the proposed transfer of the Area Development Agreement be made in conjunction with a simultaneous transfer of all existing Franchise Agreements to the same approved transferee. Additionally, your first Facial Bar under your first Franchise Agreement must be open and operating.                                            |
| (n) Franchisor's right of first refusal to acquire area developer's business | Not Applicable                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| (o) Franchisor's option to purchase area developer's business                | Not Applicable                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| (p) Death or disability of area developer                                    | Section 5.2                              | In the event your Operating Partner dies or becomes incapacitated, you must designate a new Operating Partner that owns at least a twenty percent (20%) ownership interest in you, subject to our approval.                                                                                                                                                                                                                                                |
| (q) Non-competition covenants during the term of the franchise               | Section 8.2                              | No direct or indirect involvement in competitive business.                                                                                                                                                                                                                                                                                                                                                                                                 |

| Provision                                                                  | Section(s) in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (r) Non-competition covenants after the franchise is terminated or expires | Section 8.3                              | For two years, no involvement in competitive business located within a 10-mile radius of any Facial Bar.                                                                                                                                                                                                                                                                                        |
| (s) Modification of the agreement                                          | Section 15                               | Except for those permitted to be made unilaterally by us hereunder, no amendment, change, or variance from the Area Development Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.                                                                                                              |
| (t) Integration/merger clause                                              | Section 15                               | Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. No claim made in any franchise agreement is intended to disclaim the representations made in this Franchise Disclosure Document. |
| (u) Dispute resolution by arbitration or mediation                         | Sections 16.3 and 16.4                   | Except for certain claims, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration.                                                                                                                                                                                                                                                                     |
| (v) Choice of forum                                                        | Section 16.5                             | Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Mediation must occur in a metropolitan area within 20 miles of our principal executive office and arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.                        |
| (w) Choice of law                                                          | Section 16.1                             | Minnesota law applies generally, provided that the Minnesota Franchise Act and other franchise-specific laws and regulations of the State of Minnesota generally do not apply to Facial Bars located outside of Minnesota.                                                                                                                                                                      |

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit H attached to this Disclosure Document.

**ITEM 18.**  
**PUBLIC FIGURES**

We do not use any public figures to promote our 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 the information about possible performance at a particular location or under particular circumstances.

We provide prospective franchisees with certain information regarding actual historical gross sales from the operation of franchised and corporate Facial Bars for a 12-month period from March 1, 2023, to February 29, 2024. We also provide actual profit and loss statements for our corporate Facial Bars in calendar year 2023.

**A. GROSS SALES INFORMATION FOR CORPORATE AND FRANCHISED FACIAL BARS  
FOR THE PERIOD MARCH 1, 2023 – FEBRUARY 29, 2024**

**Corporate Facial Bars**

The Gross Sales figures in the table below reflect the Gross Sales reported to us between March 1, 2023, and February 29, 2024, by the four corporate Facial Bars operated by our affiliates that were in operation for that entire period. These reported figures were not audited. The figures below do not include information from two corporate Facial Bars, one of which opened in July 2023 and the other in August 2023, since they were not open during the entirety of the reporting period. No corporate Facial Bars closed during the reporting period. Other than as disclosed in this paragraph, there were no other corporate Facial Bars in operation during the reporting period.

|                                             | Facial Bar<br>Opened<br>March 2019 | Facial Bar<br>Opened<br>October 2020 | Facial Bar<br>Opened<br>November 2019 | Facial Bar<br>Opened<br>February 2023 |
|---------------------------------------------|------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| Gross Sales <sup>1</sup>                    | \$1,571,040 <sup>2</sup>           | \$1,392,543 <sup>3</sup>             | \$1,384,782 <sup>4</sup>              | \$483,746 <sup>5</sup>                |
| Average Gross Sales <sup>1</sup>            | \$1,208,028                        |                                      |                                       |                                       |
| Number/Percent Above<br>Average Gross Sales | 3/75%                              |                                      |                                       |                                       |
| Median Gross Sales <sup>1</sup>             | \$1,388,663                        |                                      |                                       |                                       |
| Highest Gross Sales                         | \$1,571,040                        |                                      |                                       |                                       |
| Lowest Gross Sales                          | \$483,746                          |                                      |                                       |                                       |

**Some Facial Bars have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

**Franchised Facial Bars**

The Gross Sales figures in the table below reflect the Gross Sales reported to us between March 1, 2023, and February 29, 2024, by the 19 franchised Facial Bars that were in operation during that entire period. For

reporting purposes, we have grouped these Facial Bars into four quartiles based on Gross Sales. These reported figures were not audited. The figures below do not include 11 franchised Facial Bars that opened after March 1, 2023, and thus were not open during the entirety of the reporting period. No franchised Facial Bars closed during the reporting period. Other than as disclosed in this paragraph, there were no other franchised Facial Bars in operation during the reporting period.

|                                                | Top Quartile<br>(5 Facial Bars) | Second Quartile<br>(5 Facial Bars) | Third Quartile<br>(5 Facial Bars) | Bottom Quartile<br>(4 Facial Bars) | All<br>(19 Facial Bars) |
|------------------------------------------------|---------------------------------|------------------------------------|-----------------------------------|------------------------------------|-------------------------|
| Average Gross Sales <sup>1</sup>               | \$1,207,832 <sup>6</sup>        | \$818,870 <sup>7</sup>             | \$634,377 <sup>8</sup>            | \$365,222 <sup>9</sup>             | \$777,173 <sup>10</sup> |
| Number/Percent<br>Above Average<br>Gross Sales | 2/40%                           | 3/60%                              | 2/40%                             | 2/50%                              | 9/47%                   |
| Median Gross Sales <sup>1</sup>                | \$1,119,247                     | \$838,090                          | \$611,198                         | \$373,833                          | \$761,693               |
| Highest Gross Sales                            | \$1,495,592                     | \$840,016                          | \$734,846                         | \$414,515                          | \$1,495,592             |
| Lowest Gross Sales                             | \$900,862                       | \$761,693                          | \$515,431                         | \$298,707                          | \$298,707               |

These Gross Sales were compiled from Facial Bars that opened as early as August 2021, and as recently as December 2022.

**Some Facial Bars have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

### Franchised and Corporate Facial Bars

The following table combines the Gross Sales information from the two tables above and presents Gross Sales information about 23 franchised and corporate Facial Bars.

The Gross Sales figures in the table below reflect the Gross Sales reported to us between March 1, 2023, and February 29, 2024, by the 19 franchised and 4 corporate Facial Bars that were in operation for that entire period. For reporting purposes, we have grouped these Facial Bars into four quartiles based on Gross Sales. These reported figures were not audited. The figures below do not include 11 franchised and 2 corporate Facial Bars that opened after March 1, 2023, and thus were not open during the entirety of the reporting period. No franchised or corporate Facial Bars closed during the reporting period. Other than as disclosed in this paragraph, there were no other corporate or franchised Facial Bars in operation during the reporting period.

|                                                | Top Quartile<br>(6 Facial Bars) | Second Quartile<br>(6 Facial Bars) | Third Quartile<br>(6 Facial Bars) | Bottom Quartile<br>(5 Facial Bars) | All<br>(23 Facial Bars) |
|------------------------------------------------|---------------------------------|------------------------------------|-----------------------------------|------------------------------------|-------------------------|
| Average Gross Sales <sup>1</sup>               | \$1,411,389 <sup>11</sup>       | \$875,308 <sup>12</sup>            | \$655,596 <sup>13</sup>           | \$388,927 <sup>14</sup>            | \$852,104 <sup>15</sup> |
| Number/Percent<br>Above Average Gross<br>Sales | 3/50%                           | 2/33.3%                            | 3/50%                             | 3/60%                              | 8/34.8%                 |
| Median Gross Sales <sup>1</sup>                | \$1,408,837                     | \$839,677                          | \$657,987                         | \$404,159                          | \$815,213               |
| Highest Gross Sales                            | \$1,571,040                     | \$1,018,328                        | \$761,693                         | \$483,746                          | \$1,571,040             |
| Lowest Gross Sales                             | \$1,199,247                     | \$815,213                          | \$515,431                         | \$298,707                          | \$298,707               |

These Gross Sales were compiled from Facial Bars that opened as early as March 2019, and as recently as February 2023.

**Some Facial Bars have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

The figures in the three tables above and the notes below are derived from data provided to us by our franchisees and affiliates for the period indicated. For purposes of this disclosure, we report our affiliate-owned Facial Bars as “corporate” Facial Bars. All figures were prepared without an audit. Prospective franchisees and franchise sellers should be advised that no certified public accountant has audited these figures or expressed his/her opinion on their content or form. The figures above do not reflect costs of sales, operating expenses, or other costs or expenses that must be deducted from net sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Facial Bar. Franchisees or former franchisees, if any, listed in this Disclosure Document, may be one source of this information. The reported Facial Bars offer substantially the same products and services to the public as you will as a franchisee operating a franchised unit.

## NOTES

- 1 For purposes of this disclosure, “Gross Sales” includes all revenue derived from the operations of a Facial Bar, excluding sales or use tax and other customer refunds, allowances, and discounts given in good faith. Gift card revenue is recognized upon redemption. This is the same calculation we use to calculate the Royalty Fee and other amounts under the Franchise Agreement.  
  
Average Gross Sales of Facial Bars is calculated by determining the total amount of Gross Sales of the Facial Bars in the data set for the time period in the data set and dividing that amount by the total number of Facial Bars in the data set. Median Gross Sales is the middle Gross Sales number in the applicable data set, or the average of the two middle Gross Sales numbers when there is an even number of observations in the applicable data set.
- 2 At this Facial Bar, membership sales made up 29.09% of Gross Sales, service sales made up 56.30% of Gross Sales, and product sales made up 13.80% of Gross Sales.
- 3 At this Facial Bar, membership sales made up 30.44% of Gross Sales, service sales made up 53.34% of Gross Sales, and product sales made up 16.22% of Gross Sales.
- 4 At this Facial Bar, membership sales made up 29.94% of Gross Sales, service sales made up 56.79% of Gross Sales, and product sales made up 13.27% of Gross Sales.
- 5 At this Facial Bar, membership sales made up 25.49% of Gross Sales, service sales made up 58.56% of Gross Sales, and product sales made up 15.95% of Gross Sales.
- 6 Within the top quartile of franchised Facial Bars reported in this table, membership sales made up on average 38.82% (with a median of 34.92%) of Gross Sales, service sales made up on average 49.32% (with a median of 47.44%) of Gross Sales, and product sales made up on average 11.85% (with a median of 11.56%) of Gross Sales.
- 7 Within the second quartile third of franchised Facial Bars reported in this table, membership sales made up on average 32.58% (with a median of 30.28%) of Gross Sales, service sales made up on average 54.61% (with a median of 57.15%) of Gross Sales, and product sales made up on average 12.82% (with a median of 14.06%) of Gross Sales.



- 8 Within the third quartile of franchised Facial Bars reported in this table, membership sales made up on average 34.13% (with a median of 38.10%) of Gross Sales, service sales made up on average 51.63% (with a median of 53.91%) of Gross Sales, and product sales made up on average 14.23% (with a median of 14.94%) of Gross Sales
- 9 Within the bottom quartile of franchised Facial Bars reported in this table, membership sales made up on average 28.03% (with a median of 27.87%) of Gross Sales, service sales made up on average 59.23% (with a median of 57.29%) of Gross Sales, and product sales made up on average 12.74% (with a median of 13.89%) of Gross Sales.
- 10 Among all franchised Facial Bars reported in this table, membership sales made up on average 35.02% (with a median of 31.97%) of Gross Sales, service sales made up on average 52.27% (with a median of 50.56%) of Gross Sales, and product sales made up on average 12.72% (with a median of 13.20%) of Gross Sales.
- 11 Within the top quartile of corporate and franchised Facial Bars reported in this table, membership sales made up on average 34.60% (with a median of 31.72%) of Gross Sales, service sales made up on average 52.74% (with a median of 54.27%) of Gross Sales, and product sales made up on average 12.66% (with a median of 13.38%) of Gross Sales.
- 12 Within the second quartile of corporate and franchised Facial Bars reported in this table, membership sales made up on average 34.85% (with a median of 33.77%) of Gross Sales, service sales made up on average 52.48% (with a median of 56.49%) of Gross Sales, and product sales made up on average 12.67% (with a median of 14.57%) of Gross Sales.
- 13 Within the third quartile of corporate and franchised Facial Bars reported in this table, membership sales made up on average 33.28% (with a median of 34.91%) of Gross Sales, service sales made up on average 51.95% (with a median of 51.29%) of Gross Sales, and product sales made up on average 14.76% (with a median of 14.58%) of Gross Sales.
- 14 Within the bottom quartile of corporate and franchised Facial Bars reported in this table, membership sales made up on average 27.40% (with a median of 30.51%) of Gross Sales, service sales made up on average 59.07% (with a median of 54.34%) of Gross Sales, and product sales made up on average 13.54% (with a median of 13.99%) of Gross Sales.
- 15 Among all corporate and franchised Facial Bars reported in this table, membership sales made up on average 33.69% (with a median of 31.13%) of Gross Sales, service sales made up on average 53.14% (with a median of 49.79%) of Gross Sales, and product sales made up on average 13.17% (with a median of 13.03%) of Gross Sales.

All of these Facial Bars, both franchised and corporate, offered substantially the same products and services as you are expected to offer. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

## **B. ACTUAL PERFORMANCE OF CORPORATE-OWNED<sup>1</sup> FACIAL BARS IN CALENDAR YEAR 2023**

The following table reflects actual profit and loss statements for calendar year 2023 for our three affiliate-owned Facial Bars that operated during all of calendar year 2023. These Facial Bars are located in Edina, Minnesota; Minneapolis, Minnesota; and Maple Grove, Minnesota. The information is based on the sales and expense

reports of these affiliate-owned locations, which were not audited. The figures below do not include information from three corporate Facial Bars that operated for only a part of 2023, which opened in February 2023, July 2023, and August 2023, respectively, since they were not open during the entirety of the reporting period.

The affiliate-owned Facial Bar in Edina, Minnesota opened in March 2019, and thus the sales and expenses in the second and third columns below depict performance in its fourth full calendar year of operations. The affiliate-owned Facial Bar in Minneapolis, Minnesota opened in November 2019, and thus the sales and expenses in the fourth and fifth columns below depict performance in its fourth full calendar year of operations. The affiliate-owned Facial Bar in Maple Grove, Minnesota opened in October 2020, and thus, the sales and expenses in the sixth and seventh columns below depict performance in its third full calendar year of operations.

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|                                        | Edina<br>Location<br><br>January 1, 2023<br>– December 31,<br>2023 Actuals <sup>1</sup> | Percent of<br>Gross<br>Sales | Minneapolis<br>Location<br><br>January 1, 2023 –<br>December 31,<br>2023 Actuals <sup>1</sup> | Percent of<br>Gross<br>Sales | Maple Grove<br>Location<br><br>January 1, 2023 –<br>December 31,<br>2023 Actuals <sup>1</sup> | Percent of<br>Gross<br>Sales |
|----------------------------------------|-----------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------|------------------------------|
| Opening Date                           | March 2019                                                                              |                              | November 2019                                                                                 |                              | October 2020                                                                                  |                              |
| Gross Sales from<br>Membership         | \$447,631                                                                               | 27.97%                       | \$390,880                                                                                     | 28.65%                       | \$407,726                                                                                     | 29.05%                       |
| Gross Sales from<br>Services           | \$913,393                                                                               | 57.08%                       | \$780,562                                                                                     | 57.21%                       | \$760,912                                                                                     | 54.22%                       |
| Gross Sales from<br>Product Sales      | \$239,284                                                                               | 14.95%                       | \$192,863                                                                                     | 14.14%                       | \$234,779                                                                                     | 16.73%                       |
| Gross Sales                            | \$1,600,308                                                                             |                              | \$1,364,305                                                                                   |                              | \$1,403,417                                                                                   |                              |
|                                        | <b>NON-DISCRETIONARY EXPENSES<sup>2</sup></b>                                           |                              |                                                                                               |                              |                                                                                               |                              |
| Labor Costs <sup>3</sup>               | \$481,984                                                                               | 30.12%                       | \$457,970                                                                                     | 33.57%                       | \$434,637                                                                                     | 30.97%                       |
| Operating Costs <sup>4</sup>           | \$58,195                                                                                | 3.64%                        | \$54,596                                                                                      | 4.00%                        | \$52,029                                                                                      | 3.71%                        |
| Cost of Goods Sold                     | \$280,824                                                                               | 17.55%                       | \$196,063                                                                                     | 14.37%                       | \$230,611                                                                                     | 16.43%                       |
| Rent and Utilities <sup>5</sup>        | \$144,681                                                                               | 9.04%                        | \$105,813                                                                                     | 7.76%                        | \$100,050                                                                                     | 7.13%                        |
| Total Costs                            | \$965,684                                                                               |                              | \$814,442                                                                                     |                              | \$817,327                                                                                     |                              |
|                                        | <b>EXPENSES APPLICABLE TO FRANCHISED LOCATIONS</b>                                      |                              |                                                                                               |                              |                                                                                               |                              |
| Royalty <sup>6</sup>                   | \$112,021                                                                               | 7%                           | \$95,501                                                                                      | 7%                           | \$98,239                                                                                      | 7%                           |
| Marketing<br>Contribution <sup>7</sup> | \$48,009                                                                                | 3%                           | \$40,929                                                                                      | 3%                           | \$42,103                                                                                      | 3%                           |
| Technology Fee <sup>6</sup>            | \$4,200                                                                                 | < 1%                         | \$4,200                                                                                       | < 1%                         | \$4,200                                                                                       | < 1%                         |
|                                        | <b>NET PROFIT</b>                                                                       |                              |                                                                                               |                              |                                                                                               |                              |
|                                        | \$470,395                                                                               | 29.39%                       | \$409,234                                                                                     | 30.00%                       | \$441,549                                                                                     | 31.46%                       |

## NOTES

1. The financial performance figures and expenses above are actual historical information regarding our affiliate-owned locations in Edina, Minnesota; Minneapolis, Minnesota; and Maple Grove, Minnesota, which we refer to as corporate-owned for the purposes of this disclosure. The Edina location opened in March 2019; the Minneapolis location opened in November 2019; and the Maple Grove location opened in October 2020. You should conduct an independent investigation of revenue, costs, and expenses you will incur in operating your franchised business. Franchisees

or former franchisees listed in Exhibit F to this Disclosure Document may be one source of this information. “Gross Sales” as used herein as the same definition of “Gross Sales” used elsewhere in this Disclosure Document, which includes all revenue derived from the operations of a Facial Bar, excluding sales or use tax and other customer refunds, allowances, and discounts given in good faith. Gift card revenue is recognized upon redemption.

2. These expenses are based on actual expenses reported by our affiliate-owned Facial Bars. Your total expenses will depend on a number of factors including, but not limited to, your location and the business decision that you make. The actual expenses for your location may vary considerably from these expenses based on a number of factors, including but not limited to, your rent, level of staffing, the amount of local marketing expenditures, credit loss, the precise breakdown of the services you provide, insurance coverage, discounts you offer, the amount and terms of any financing you secure for your location, the amount and level of additional expenses you incur, and other factors.
3. The labor costs include payroll and professional fees. These figures do not include salary for the owner, but do include the salary for a Salon Manager. In 2023, the Edina location averaged 18-20 employees on payroll, the Minneapolis location averaged 18-20 employees on payroll, and the Maple Grove location averaged 16-18 employees on payroll.
4. Operating costs include the costs of technology and related supplies, local marketing and donations, credit card fees and bank charges, insurance, and miscellaneous expenses such as dues and subscriptions, accounting and legal fees, repairs and maintenance, travel, use taxes and licenses, and meals incurred in the operation of the Facial Bar.
5. The rent at the Edina Facial Bar was based on approximately 1,250 square feet, and the rent paid was \$140.70 per square foot. The rent at the Minneapolis Facial Bar was based on approximately 2,000 square feet, and the rent paid was \$40.07 per square foot. The rent at the Maple Grove Facial Bar was based on approximately 1,565 square feet, and the rent paid was \$61.34 per square foot. These rent amounts include percentage rent where applicable. Based on our affiliates’ experience operating these Facial Bars, we recommend that franchised facial bars have 1,400 to 2,200 square feet of space, which is larger than the Edina, Minnesota Facial Bar. If you have a larger Facial Bar, or pay more for rent, this expense could increase significantly. This amount also includes utilities and insurance.
6. The Royalty Fee and Technology Fee are expenses you will incur under a Franchise Agreement with us, and which did not apply to our affiliate-owned Facial Bars in 2023. Thus, we have calculated what the Facial Bar would have paid, and included these amounts. In making these calculations, we applied a Technology Fee of \$350 per month, which is the fee in effect as of the date of this Disclosure Document.
7. The Marketing Contribution was calculated as 3% of Gross Sales, which is the rate in effect as of the date of this Disclosure Document.

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

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michele Henry, 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, (855) 959-3223, [franchising@facefoundrie.com](mailto:franchising@facefoundrie.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**Systemwide Outlet Summary  
For Fiscal Years 2021 - 2023**

| <b>Outlet Type</b>                          | <b>Year</b> | <b>Outlets at the<br/>Start of the<br/>Year</b> | <b>Outlets at the<br/>End of the<br/>Year</b> | <b>Net<br/>Change</b> |
|---------------------------------------------|-------------|-------------------------------------------------|-----------------------------------------------|-----------------------|
| Franchised                                  | 2021        | 0                                               | 7                                             | +7                    |
|                                             | 2022        | 7                                               | 19                                            | +12                   |
|                                             | 2023        | 19                                              | 30                                            | +11                   |
| Company-Owned or<br>Affiliate-Owned Outlets | 2021        | 3                                               | 3                                             | 0                     |
|                                             | 2022        | 3                                               | 4                                             | +1                    |
|                                             | 2023        | 4                                               | 6                                             | +2                    |
| <b>Total Outlets</b>                        | <b>2021</b> | <b>3</b>                                        | <b>10</b>                                     | <b>+7</b>             |
|                                             | <b>2022</b> | <b>10</b>                                       | <b>23</b>                                     | <b>+13</b>            |
|                                             | <b>2023</b> | <b>23</b>                                       | <b>36</b>                                     | <b>+13</b>            |

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (Other Than Franchisor)  
For Fiscal Years 2021 – 2023**

| <b>State</b> | <b>Year</b> | <b>Number of<br/>Transfers</b> |
|--------------|-------------|--------------------------------|
| <b>Total</b> | 2021        | 0                              |
|              | 2022        | 0                              |
|              | 2023        | 0                              |

Table No. 3

**Status of Franchised Outlets  
For Fiscal Years 2021 - 2023**

| State          | Year | Outlets<br>at Start<br>of<br>Year | Outlets<br>Opened | Termin-<br>ations | Non-<br>Renewals | Reacquired<br>by<br>Franchisor | Ceased<br>Operations<br>Other<br>Reasons | Outlets<br>at End<br>of the<br>Year |
|----------------|------|-----------------------------------|-------------------|-------------------|------------------|--------------------------------|------------------------------------------|-------------------------------------|
| Arizona        | 2021 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2022 | 1                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
|                | 2023 | 2                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
| Colorado       | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2023 | 1                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
| Florida        | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 2                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
|                | 2023 | 2                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 3                                   |
| Georgia        | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2023 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
| Illinois       | 2021 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2022 | 1                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
|                | 2023 | 2                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 3                                   |
| Iowa           | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2023 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
| Michigan       | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2023 | 1                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
| Minnesota      | 2021 | 0                                 | 2                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
|                | 2022 | 2                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 3                                   |
|                | 2023 | 3                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 4                                   |
| Missouri       | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2023 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
| New Jersey     | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2023 | 1                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
| North Carolina | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2023 | 0                                 | 2                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
| North Dakota   | 2021 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2022 | 1                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 1                                   |
|                | 2023 | 1                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 2                                   |
| South Carolina | 2021 | 0                                 | 0                 | 0                 | 0                | 0                              | 0                                        | 0                                   |
|                | 2022 | 0                                 | 1                 | 0                 | 0                | 0                              | 0                                        | 1                                   |

| State        | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|--------------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
|              | 2023 | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| South Dakota | 2021 | 0                        | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|              | 2022 | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|              | 2023 | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| Tennessee    | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|              | 2022 | 0                        | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|              | 2023 | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| Texas        | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|              | 2022 | 0                        | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|              | 2023 | 1                        | 1              | 0            | 0            | 0                        | 0                               | 2                          |
| Utah         | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|              | 2022 | 0                        | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|              | 2023 | 0                        | 1              | 0            | 0            | 0                        | 0                               | 1                          |
| Wisconsin    | 2021 | 0                        | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|              | 2022 | 1                        | 1              | 0            | 0            | 0                        | 0                               | 2                          |
|              | 2023 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
| Total        | 2021 | 0                        | 7              | 0            | 0            | 0                        | 0                               | 7                          |
|              | 2022 | 7                        | 12             | 0            | 0            | 0                        | 0                               | 19                         |
|              | 2023 | 19                       | 11             | 0            | 0            | 0                        | 0                               | 30                         |

Table No. 4

Status of Company-Owned and Affiliate-Owned Outlets  
For Fiscal Years 2021 - 2023

| State        | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|--------------|------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| Colorado     | 2021 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|              | 2022 | 0                            | 1              | 0                                  | 0              | 0                          | 1                          |
|              | 2023 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
| Minnesota    | 2021 | 3                            | 0              | 0                                  | 0              | 0                          | 3                          |
|              | 2022 | 3                            | 0              | 0                                  | 0              | 0                          | 3                          |
|              | 2023 | 3                            | 0              | 0                                  | 0              | 0                          | 3                          |
| Pennsylvania | 2021 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|              | 2022 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|              | 2023 | 0                            | 2              | 0                                  | 0              | 0                          | 2                          |
| Total        | 2021 | 3                            | 0              | 0                                  | 0              | 0                          | 3                          |
|              | 2022 | 3                            | 1              | 0                                  | 0              | 0                          | 4                          |
|              | 2023 | 4                            | 2              | 0                                  | 0              | 0                          | 6                          |

Table No. 5

Projected Sales and Openings as of  
December 31, 2023

| State          | Franchise Agreements Signed, Not Yet Open | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|-------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| Arizona        | 1                                         | 1                                                        | 0                                                           |
| Arkansas       | 1                                         | 1                                                        | 0                                                           |
| California     | 1                                         | 1                                                        | 0                                                           |
| Florida        | 6                                         | 6                                                        | 0                                                           |
| Georgia        | 1                                         | 1                                                        | 0                                                           |
| Idaho          | 1                                         | 1                                                        | 0                                                           |
| Illinois       | 1                                         | 1                                                        | 0                                                           |
| Indiana        | 2                                         | 1                                                        | 0                                                           |
| Michigan       | 1                                         | 0                                                        | 0                                                           |
| Minnesota      | 1                                         | 1                                                        | 0                                                           |
| Missouri       | 2                                         | 2                                                        | 0                                                           |
| New Jersey     | 1                                         | 1                                                        | 0                                                           |
| North Carolina | 2                                         | 1                                                        | 0                                                           |
| Texas          | 3                                         | 2                                                        | 2                                                           |
| Wisconsin      | 1                                         | 1                                                        | 0                                                           |
| <b>Totals</b>  | <b>25</b>                                 | <b>21</b>                                                | <b>2</b>                                                    |

All numbers are as of December 31<sup>st</sup> for each year.

A list of the names of all franchisees and area developers, and the addresses and phone numbers of their franchises, as of December 31, 2023, is included in Exhibit F. Exhibit F also includes the franchisees or area developers who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

There are currently no known trademark-specific franchisee organizations associated with the System.

**ITEM 21.**  
**FINANCIAL STATEMENTS**

Attached to the Disclosure Document as Exhibit E are the audited financial statements for our fiscal years ended December 31, 2023, 2022 and 2021. Our fiscal year ends December 31. We are also enclosing our interim balance sheet as of February 29, 2024. THE INTERIM BALANCE SHEET IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED



THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**ITEM 22.**  
**CONTRACTS**

The Franchise Agreement is attached as Exhibit B to this Disclosure Document. The following additional contracts or agreements are attached to the Franchise Agreement:

| <b>Exhibit</b> | <b>Franchise Agreement</b>                                                                              |
|----------------|---------------------------------------------------------------------------------------------------------|
| A              | Data Sheet                                                                                              |
| B              | List of Principals and Operating Partner                                                                |
| C              | Guaranty, Indemnification and Acknowledgment                                                            |
| D              | Electronic Funds Withdrawal and Credit Card Authorization                                               |
| E              | Personal Covenants                                                                                      |
| F              | Telephone Number Assignment Agreement and Power of Attorney                                             |
| G              | Lease Rider                                                                                             |
| H              | Franchisee Acknowledgment [Not applicable in CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA and WI] |
| I              | Employee Non-Disclosure Agreement                                                                       |
| J              | State Addenda                                                                                           |

Also attached to this Disclosure Document is the following agreement:

- Exhibit G is the Form of Release Agreement.

**ITEM 23.**  
**RECEIPTS**

Exhibit I to this Disclosure Document includes detachable Receipts acknowledging your receipt of this Disclosure Document. Please return one Receipt to us and retain the other for your records.

## EXHIBIT A

### STATE AGENCIES AND ADMINISTRATORS AND FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS

- I. **State Administrators:** We believe this information is accurate as of the date of this Disclosure Document. However, the names, addresses and/or telephone numbers of these state administrators change over time. You should verify this information.

#### CALIFORNIA

Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500 or (866) 275-2677

#### FLORIDA

Florida Department of Agriculture and Consumer Services  
Division of Consumer Services  
Plaza Level 10, The Capitol  
400 South Monroe Street  
Tallahassee, Florida 32399  
(850) 410-3800

#### HAWAII

Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2744

#### ILLINOIS

Office of Attorney General  
Franchise Bureau  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### INDIANA

Indiana Secretary of State  
Securities Division  
Franchise Section  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

#### MARYLAND

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

#### MICHIGAN

Michigan Department of Attorney General  
Consumer Protection Division  
Franchise Section  
G. Mennen Williams Building  
525 West Ottawa Street  
Lansing, Michigan 48909  
(517) 335-7622

#### MINNESOTA

Minnesota Department of Commerce  
Securities Division  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

#### NEBRASKA

Department of Banking and Finance  
1526 "K" Street, Suite 300  
P.O. Box 95006  
Lincoln, Nebraska 68508-2732  
(402) 471-3445

#### NEW YORK

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Fl.  
New York, New York 10005  
(212) 416-8222

#### NORTH CAROLINA

Department of the Secretary of State  
Business Opportunities  
2 South Salisbury Street  
Raleigh, North Carolina 27601-2903  
P.O. Box 29622  
Raleigh, North Carolina 27626-0622  
(919) 814-5400

#### RHODE ISLAND

Department of Business Regulation  
Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9527

#### SOUTH DAKOTA

Department of Labor and Regulation  
Division of Securities  
124 S. Euclid, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501  
(605) 773-3563

#### VIRGINIA

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

#### WISCONSIN

Department of Financial Institutions  
Division of Securities  
201 W. Washington Avenue, Suite 300  
Madison, Wisconsin 53703  
(608) 266-1064

#### NORTH DAKOTA

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol – 5<sup>th</sup> Floor, Dept. 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

#### SOUTH CAROLINA

SC Secretary of State's Office  
Attn: Business Opportunities  
1205 Pendleton Street, Suite 525  
Columbia, South Carolina 29201  
(803) 734-0367

#### TEXAS

Secretary of State  
Statutory Documents Section  
1019 Brazos  
Austin, Texas 78711  
(512) 475-1769

#### WASHINGTON

Department of Financial Institutions  
Securities Division  
PO Box 9033  
Olympia, Washington 98507  
(360) 902-8760

## II. Agents for Service of Process:

### CALIFORNIA

California Commissioner of Department of  
Financial Protection and Innovation  
Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344

### ILLINOIS

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### MARYLAND

Office of Attorney General  
Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

### MINNESOTA

Minnesota Commissioner of Commerce  
Department of Commerce  
Securities Division  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

### NORTH CAROLINA

Secretary of State  
State of North Carolina  
2 South Salisbury Street  
Raleigh, North Carolina 27601-2903

### RHODE ISLAND

Director of Department of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, Rhode Island 02920

### VIRGINIA

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

### HAWAII

Hawaii Commissioner of Securities  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813

### INDIANA

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204

### MICHIGAN

Michigan Department of Commerce  
Corporations, Securities & Commercial Licensing  
Bureau  
2407 North Grand River Avenue  
Lansing, Michigan 48906

### NEW YORK

Secretary of State  
99 Washington Avenue  
Albany, New York 12231

### NORTH DAKOTA

North Dakota Securities Commissioner  
600 East Boulevard Avenue  
State Capitol – 5<sup>th</sup> Floor, Dept. 414  
Bismarck, North Dakota 58505-0510

### SOUTH DAKOTA

Director of South Dakota Division Securities  
Department of Labor and Regulation  
124 S. Euclid, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501

### WASHINGTON

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

WISCONSIN

Administrator, Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

(see attached)



**FACE FONDRIÉ FRANCHISING L.L.C.  
FRANCHISE AGREEMENT**

---

FRANCHISEE

---

FACIAL BAR LOCATION

---

DATE OF AGREEMENT

**FACE FONDRIÉ FRANCHISING, LLC  
FRANCHISE AGREEMENT**

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## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between FACE FOUNDRIE FRANCHISING L.L.C., a Minnesota limited liability company with its principal office at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344 (“Franchisor,” “we,” or “us”), and \_\_\_\_\_, a \_\_\_\_\_, with its principal office at \_\_\_\_\_ (“Franchisee” or “you”).

### WITNESSETH:

WHEREAS, Franchisor has established, at a substantial expenditure of time, effort and money, a system (the “System”) of developing, opening and operating a focused facial bar concept under the trademark “FACE FOUNDRIE,” which offers efficient and effective services, including 20-to-50-minute facials, waxing, and skincare products, all delivered with high-end customer service (each, a “Face Foundrie Facial Bar,” and collectively, the “Face Foundrie Facial Bars”); and

WHEREAS, the distinguishing features of the System, include, but are not limited to, the name “FACE FOUNDRIE” and all other trade names, trademarks, service marks, trade dress, logos, emblems, insignia and signs developed for use with the System from time to time (collectively, the “Marks”); specially designed fixtures, equipment, facilities, and other items used in providing services and goods; services, products, methods, procedures, protocols, and quality standards therefor; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor has acquired knowledge and experience in operating Face Foundrie Facial Bars, using the System and with respect to the style of the facilities and signs used by these Face Foundrie Facial Bars and has successfully established a reputation, demand and goodwill for their services and products; and

WHEREAS, Franchisee recognizes the value and benefits that can be derived from utilizing the System and being associated with Franchisor, the Marks and the other distinctive features of the System, and desires to obtain a franchise from Franchisor to use the System and to operate a Face Foundrie Facial Bar at an accepted location, and Franchisor is willing to grant such a franchise to Franchisee, all subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

### 1. INTRODUCTION.

**1.01 Face Foundrie Facial Bars.** Franchisor and its Affiliates own, operate and franchise Face Foundrie Facial Bars. Franchisor has developed and owns a comprehensive system for developing and operating Face Foundrie Facial Bars, which includes trademarks, designs and layouts, distinctive standards, specifications and requirements for products, services, equipment, materials, and supplies; uniform standards, specifications, procedures and methods for operations and customer service standards; procedures for inventory and management control; training and assistance; technology standards; trade dress; marketing, advertising and promotional programs; and certain operational and business standards and policies, all of which Franchisor may add to, remove, change, improve, further develop or otherwise modify from time to time.

**1.02 Acknowledgments.** Franchisee acknowledges and agrees that it or its authorized officers have read this Agreement and Franchisor’s franchise disclosure document. By signing this Agreement, Franchisee accepts the proposition that to deliver and execute high-quality services and products in connection with beauty-related services and products requires a specific approach to the services, products, and customer experience (impacted by the quality of people and training) not typically found in other beauty-related businesses. Franchisee understands the terms of this Agreement and accepts them as being reasonably necessary to maintain the uniformity of Franchisor’s high-quality standards at all Face Foundrie Facial Bars in

order to protect and preserve the goodwill of the Marks and the integrity of the System. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that the beauty services industry is highly competitive, with constantly changing market conditions. Franchisee recognizes that the nature of Face Foundrié Facial Bars may change over time, that an investment in a Face Foundrié Facial Bar involves business risks, and that the success of the venture is largely dependent on Franchisee's own abilities, efforts and financial resources. Franchisee or its Owners shall truthfully fill out the Franchisee Acknowledgment attached hereto as Exhibit H.

**1.03 Representations.** Franchisee and its Owners, jointly and severally, represent and warrant to Franchisor that: (a) neither Franchisee nor any of its Owners have made any untrue statement of any material fact or has omitted to state any material fact in the written information submitted in obtaining the rights granted hereunder; (b) neither Franchisee nor any of its Owners have any direct or indirect legal or beneficial interest in any beauty-related business that may be deemed a Competitive Business, except as Franchisee has otherwise completely and accurately disclosed in writing to Franchisor in connection with obtaining the rights granted hereunder; and (c) the execution and performance of this Agreement will not violate any other agreement to which Franchisee or any of its Owners may be bound. Franchisee recognizes that Franchisor has executed this Agreement in reliance on all of the statements Franchisee and its Owners have made in writing in connection with this Agreement.

**1.04 Certain Definitions.** The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) “Affiliate” - Any Person that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract or otherwise.

(b) “Competitive Business” – Any business operating or franchising an establishment (i) at which more than 10% of the offerings consists of facial services or beauty treatments for the face, or (ii) that offers waxing services. Restrictions in this Agreement on competitive activities do not apply to: (i) the ownership or operation of other Face Foundrié Facial Bars that are licensed or franchised by Franchisor or any of its Affiliates; or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

(c) “Confidential Information” – Any information related to the System or the development and operation of Face Foundrié Facial Bars that Franchisor or any of its Affiliates discloses to Franchisee that is designated confidential or that by its nature would reasonably be expected to be held in confidence, including, without limitation: (i) equipment, products, supplies, standards, procedures, protocols, and methods of service execution; (ii) plans and specifications for the development of Face Foundrié Facial Bars; (iii) sales, marketing and advertising programs and techniques for Face Foundrié Facial Bars; (iv) identity of suppliers and knowledge of specifications, processes, procedures, equipment, and pricing; (v) knowledge of operating results and financial performance of Franchisor or any Face Foundrié Facial Bars, other than the Facial Bar and any other Face Foundrié Facial Bar owned by Franchisee or its Affiliates; (vi) methods of inventory control, product handling, training and management relating to Face Foundrié Facial Bars; (vii) computer systems, software programs and software applications used or useful in Face Foundrié Facial Bars; and (viii) any and all other information that Franchisor provides or makes available that is labeled proprietary or confidential or which by its nature or character would reasonably be expected to be required to be treated as confidential. All information that comprises the System including the information and data in the Operations Manual will be presumed to be Confidential Information of Franchisor.

(d) “Entity” - A corporation, partnership, sole proprietorship, company, firm, limited liability company, joint venture, trust, business, association, organization, joint stock company, unincorporated organization, union, group acting in concert, governmental entity or other entity.

(e) “Facial Bar” - The Face Foundrié Facial Bar operated by Franchisee at the Premises.

(f) “Salon Manager” – means any person designated pursuant to this Agreement to manage the day-to-day on-site operations of your Facial Bar.

(g) “Gross Sales” – means the amount of products and merchandise sold or services rendered in, on, about or from the Facial Bar, together with any other revenues derived from the operation of the Facial Bar, whether by Franchisee or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including all sales and services (i) where orders originate and/or are accepted by Franchisee in the Facial Bar but delivery or performance thereof is made by you from or at any place other than the Facial Bar or (ii) by digital, telephone or other similar orders received or filled at or in the Facial Bar. For purposes of determining the Royalty Fee, Marketing Contribution, and local marketing, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales), provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

(h) “Immediate Family” - Spouse, parents, brothers, sisters and children, whether natural or adopted.

(i) “Internet” - All communications between computers and between computers and television, phone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, social media, digital applications, E-mail, news groups and electronic bulletin boards.

(j) “Operating Partner” - Any individual Franchisee so designates in Exhibit B and any replacement thereof approved by Franchisor, as more fully described in this Agreement.

(k) “Operations Manual” – Franchisor’s confidential operations manual, as amended from time to time, which may consist of one or more manuals containing Franchisor’s mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Face Foundrié Facial Bars and other information relating to Franchisee’s obligations under this Agreement. The term “Operations Manual” includes alternative or supplemental means of communicating such information by other media which specifically reference that they are to be considered part of the Operations Manual, including items that may be posted on the cloud, Internet or an extranet, bulletins, e-mails, and computer drives.

(l) “Owner” - Each Person that has a direct or indirect legal or beneficial ownership interest in Franchisee, if Franchisee is an Entity.

(m) “Person” – An individual or an Entity.

(n) “Personnel” - All persons employed or engaged by Franchisee in connection with the development, management or operation of the Facial Bar and all other persons who work in or for the Facial Bar.

(o) “Transfer” or similar words - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, any

interest in or right under this Agreement, the Premises, any form of ownership interest in Franchisee, if an Entity, or any Owner that is an Entity or the assets, revenues or income of the Facial Bar including: (i) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a membership or partnership interest in, or of any interest convertible to or exchangeable for capital stock of, or a membership or partnership interest in, Franchisee or any Owner of Franchisee that is an Entity; (ii) any merger or consolidation between Franchisee or any Owner of Franchisee that is an Entity, on the one hand, and another Entity, on the other hand, whether or not Franchisee, or such Owner of Franchisee that is an Entity, as applicable, is the surviving Entity; (iii) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (iv) any transfer upon death of Franchisee or of any of Franchisee's Owners by will, declaration of or transfer in trust or under the laws of intestate succession; or (v) any foreclosure upon the Facial Bar or the transfer, surrender of loss by Franchisee of possession, control or management of the Facial Bar.

## **2. GRANT OF RIGHTS.**

**2.01 Grant of Franchise.** Subject to the terms of this Agreement, Franchisor grants to Franchisee the right, and Franchisee assumes the obligation, to operate a Facial Bar from the location set forth on Exhibit A hereto (the "Premises") and to use the System and the Marks solely in connection therewith, for a term of ten (10) years, commencing on the Effective Date of this Agreement (the "Term"). Franchisee may not conduct the business of the Facial Bar or use the System at any site other than the Premises, or relocate the Facial Bar, without Franchisor's prior written consent. Any approved relocation of the Facial Bar shall be at Franchisee's sole cost and expense, and Franchisor shall have the right to charge Franchisee a relocation fee equal to One Thousand Dollars (\$1,000) plus any expenses Franchisor incurs in facilitating the relocation. The option for renewal of the rights granted to Franchisee in this Agreement is described in Section 15 below.

**2.02 Protected Territory.** During the Term, Franchisor will not operate (directly or through an Affiliate), nor grant to another Person the right to operate, any Face Foundrié Facial Bar located within the geographical area set forth on Exhibit A hereto (the "Protected Territory"). Notwithstanding the foregoing, Franchisor has the right to operate (directly or through an Affiliate), and to grant to others the right to operate, within the Protected Territory and elsewhere: (a) Face Foundrié Facial Bars or other businesses using any part or all of the System and/or Marks that are operating as of the Effective Date; and (b) businesses that Franchisor or its Affiliates purchase (or as to which Franchisor or its Affiliates purchases the rights as franchisor) that are part of another franchise system or chain and either continue to operate them independently or convert them to Face Foundrié Facial Bars.

**2.03 Reservation of Rights.** Notwithstanding anything to the contrary set forth herein, Franchisor retains the right, in its sole discretion, to:

(a) establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Face Foundrié Facial Bar or any other business using the Marks, the System or any variation of the Marks and the System, (i) in any location outside the Protected Territory or (ii) as contemplated by Section 2.02 above; in each case on any terms and conditions that Franchisor deems appropriate;

(b) develop, use and franchise anywhere (including within the Protected Territory) the rights to any trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the System, without granting Franchisee any rights therein;

(c) own, operate, franchise or license anywhere businesses offering products and services of any other type whatsoever operating under marks other than the Marks; and

(d) offer, distribute, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Protected Territory through any distribution channel or method, including through the Internet or worldwide web (or any other existing or future form of electronic commerce), through smart phone or other digital applications, mail order or catalogs, through telemarketing or other direct marketing, through mass merchandise, convenience stores, supermarkets, grocery stores, convenience stores, and club stores; provided, however, that any such sales will not be made from a Face Foundrié Facial Bar located in the Protected Territory.

### **3. DEVELOPMENT OF THE FACIAL BAR.**

**3.01 Site Selection.** Franchisee acknowledges that, other than providing its criteria for site approval for the Facial Bar, Franchisor provides no site-selection assistance. To that end, Franchisor will not visit the search area and Franchisee will be responsible to identify, and ultimately acquire, an appropriate site, acceptable to Franchisor, for the Facial Bar's operation. As Franchisee identifies prospective sites, it will notify Franchisor, and Franchisor will review criteria about the prospective sites that Franchisor deems appropriate. Franchisee will assist Franchisor by providing Franchisor any information Franchisor requests about any prospective sites. If Franchisor has not approved a site within thirty (30) days after Franchisee provides Franchisor with all information Franchisor requested about the site, the site shall be deemed disapproved. Franchisee acknowledges and agrees Franchisor will not be responsible for Franchisee's results in operating at any particular site that Franchisor may have recommended, reviewed, or approved. Following Franchisor's approval of a site and after Franchisee secures the site, Franchisor will complete Exhibit A to this Agreement, indicating the approved location for the Facial Bar and the Protected Territory. Franchisee hereby authorizes Franchisor to define in Exhibit A the Protected Territory upon Franchisor's approval of a site.

**3.02 Premises.** The rights granted to Franchisee hereunder shall be non-exclusive and shall be restricted to the operation of a single Facial Bar to be located at the Premises. During the term of this Agreement, the Premises shall be used exclusively to operate the Facial Bar. Franchisee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity or operation at the Facial Bar or the Premises, without first obtaining the written consent of Franchisor. In connection with the execution of any lease or sublease for the Premises, Franchisee must execute, and cause the lessor and/or sublessor of the Premises to execute, the Lease Rider attached to this Agreement as Exhibit G. Without Franchisor's prior written consent, Franchisee shall not (a) execute a lease, sublease or purchase agreement for the Premises, or (b) execute any amendment to, or agree to any modifications to, a lease, sublease or purchase agreement for the Premises. The rights granted to Franchisee are for the specific Premises and cannot be transferred to any other location, except with Franchisor's prior written approval.

**3.03 Opening; Extensions.** Franchisee may not open the Facial Bar for business to the public until Franchisor notifies Franchisee in writing that the Facial Bar meets Franchisor's standards and specifications (although Franchisor's acceptance is not a representation or warranty, express or implied, that the Facial Bar complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of Franchisor's right to require continuing compliance with Franchisor's requirements, standards, and policies). Franchisor reserves the right to conduct on-site inspections during the construction of the Facial Bar as Franchisor deems appropriate in its sole discretion, and Franchisor reserves the right to charge its then current fee for such on-site inspections and to require Franchisee to reimburse Franchisor its out-of-pocket expenses that it incurs in conducting such on-site inspections, including costs of transportation, lodging, and meals. Franchisee agrees to comply with this Section and open the Facial Bar before nine (9) months after the Effective Date, *provided, however*, (a) Franchisor may, in its sole discretion upon Franchisee's request, give Franchisee an opportunity to extend this opening date by three (3) months subject to Franchisee (i) paying Franchisor an extension fee of Five Hundred Fifty Dollars (\$550) and (ii) signing an extension agreement in the form Franchisor provides (the "First Extension"), and (b) if Franchisee is granted the First Extension, Franchisor may, in its sole discretion upon Franchisee's additional request, give Franchisee



an opportunity to extend the revised opening date by an additional three (3) months subject to Franchisee (i) paying Franchisor a second extension fee of Five Hundred Fifty Dollars (\$550), (ii) signing an extension agreement in the form Franchisor provides, and (iii) agreeing to release any protected territory that has been granted to Franchisee and seeking a site for the Facial Bar in an area “to be determined.”

**3.04 Construction.** Before commencing any construction of the Facial Bar, Franchisee, at its expense, shall comply, to Franchisor’s satisfaction, with all of the following requirements:

- a) Franchisor will provide Franchisee a sample layout for the interior of a typical Face Foundrié Facial Bar, with a set of décor specifications approved by Franchisor.
- b) Franchisee shall employ a qualified, licensed architect or engineer who has been approved or designated (as described below) by Franchisor to prepare, subject to Franchisor’s approval, preliminary plans and specifications for site improvement and/or construction of the Facial Bar based upon prototype plans and/or specifications furnished by Franchisor. Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services to supply such services to the System. If Franchisor designates a design firm and/or architecture firm prior to the time Franchisee commences to develop the Facial Bar, Franchisee shall employ such designated supplier(s) to prepare all designs and plans for the Facial Bar, unless Franchisee obtains Franchisor’s prior written approval to use an alternative professional. If Franchisor has not designated a design firm or architecture firm, Franchisee shall be responsible for locating and employing a qualified design consultant and architect who is/are licensed in the jurisdiction in which the Facial Bar will be located, and who is reputable and experienced in providing design and architecture services. Franchisee shall be solely responsible for payments for all design and architecture services. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor, firm, supplier, professional or consultant retained by Franchisee, whether or not designated by Franchisor.
- c) Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA, regarding the construction, design and operation of the Facial Bar. In the event Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.
- d) Franchisee shall submit to Franchisor, for Franchisor’s approval, final plans for construction based upon the preliminary plans and specifications. Franchisor’s review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor’s design standards for the System, including such items as trade dress, presentation of the Marks, and the providing to the potential customer of certain products and services that are central to a functioning Facial Bar. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor’s prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Facial Bar until the unauthorized change is rectified (or reversed) to Franchisor’s reasonable satisfaction.
- e) Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Facial Bar and shall certify in writing to Franchisor that all such permits and certifications have been obtained.
- f) Franchisee shall employ a qualified licensed general contractor who has been approved or designated by Franchisor to construct the Facial Bar and to complete all improvements, which general contractor may be Franchisor or an affiliate of Franchisor. Franchisee shall obtain and maintain in force during

the entire period of construction the insurance required under this Agreement. Franchisee expressly acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor retained by Franchisee.

- g) Throughout the construction process, Franchisee shall comply with Franchisor's requirements and procedures for periodic inspections of the Premises, and shall fully cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request. Franchisor reserves the right to require Franchisee to pay or reimburse Franchisor its out-of-pocket expenses that it incurs in conducting such inspections of the Premises, including costs of transportation, lodging, and meals.
- h) Franchisee agrees to use in the construction and operation of the Facial Bar only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for the Facial Bar as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the Premises of the Facial Bar only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

**3.05 Off-Premises Services.** Franchisee may conduct any Facial Bar activities outside of the Premises only with the consent and as agreed to by Franchisor.

**3.06 Franchisor's Plans.** As stated above, Franchisor shall make available to Franchisee specifications and guidelines for the construction of a Face Foundrié Facial Bar and for the interior design and layout, fixtures, furnishings, equipment, and signs. Franchisee acknowledges that such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Face Foundrié Facial Bar, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee understands and acknowledges that Franchisor has the right to modify the prototype design plans and specifications, and develop additional prototype design plans and specifications, as Franchisor deems appropriate from time to time (however Franchisor will not modify the prototype plans and specifications for the Facial Bar developed pursuant to this Agreement once those prototype plans and specifications have been given to Franchisee). Franchisee further understands and acknowledges that each Face Foundrié Facial Bar will be designed differently depending on the specifications of the Premises. Franchisee shall adapt the standard plans to the Facial Bar's location, subject to Franchisor's approval.

#### **4. TRAINING AND GUIDANCE.**

**4.01 Franchisor Training Programs.** The Facial Bar must have an individual that is designated by Franchisee to assume primary responsibility for managing the Facial Bar, and is required to own at least twenty percent (20%) of the outstanding equity of Franchisee (the “Operating Partner”). The Operating Partner must meet our qualifications and must be approved by us. Your Operating Partner must devote full-time and best efforts to the operation of your Facial Bar. Without our written consent, your Operating Partner may not engage in any business other than the operation of your Facial Bar. Your Operating Partner must be empowered with full authority to act for you and we will be entitled to rely solely on the decision of the Operating Partner without discussing the matter with any other party. In the event that your Operating Partner ceases to own at least a 20% ownership interest and voting interest in you, or fails to meet our requirements, you must designate a new Operating Partner within thirty (30) days for our review and approval.

Franchisee will inform Franchisor in writing as to the identity of the Operating Partner and its Salon Manager, including all additions to and successors. As and when required by Franchisor, the Operating Partner and the Salon Manager must attend and successfully complete to the satisfaction of Franchisor an initial management training program specified by Franchisor, and are required to complete the initial training program before the Facial Bar may open for business. No fee will be charged by Franchisor for the participation of up to three (3) individuals in the training program, however, Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals, compensation and incidental expenses) of each individual who attends the training. You may invite additional employees to attend the initial training program if space allows, though we reserve the right to charge you our then-current training fee for each additional individual. We also reserve the right to limit the number of additional attendees for the initial training program. We reserve the right to require your assistant managers to attend the initial training program, in our sole discretion. Any successor or replacement Operating Partner or Salon Manager must successfully complete the initial training program no more than thirty (30) days after appointed, *provided that*, Franchisor may in its sole discretion offer an abbreviated training program for approved successor or replacement Salon Managers who previously served in designated positions at the Facial Bar. Franchisee is responsible for all related travel and living expenses and wages incurred in connection with any replacement Operating Partner or Salon Manager attending these training sessions, as well as Franchisor’s training fee. No such person may offer services to your Facial Bar or supervise your Facial Bar until they have completed the initial training program.

**4.02 Franchisee Training Programs.** Franchisee shall implement a training program approved by Franchisor for Personnel of the Facial Bar and shall be responsible for the proper training of its employees. Franchisee agrees not to employ any person who fails or refuses to complete Franchisee’s training program or is unqualified to perform his or her duties at the Facial Bar in accordance with the requirements established for the operation of a Face Foundrié Facial Bar. We may require your Operating Partner and Personnel to attend various training courses, trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us, including courses and programs provided by third-parties we designate and/or provided by us and our Affiliates. You will be responsible for the costs of all such ongoing education.

**4.03 Additional Training.** Franchisee and its employees shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Facial Bar and the System. Franchisee also may be required to purchase training or other instructional materials as specified by Franchisor from time to time in the Operations Manual or otherwise. Franchisee is responsible for reimbursement of Franchisor’s trainers’ travel and living expenses and other related expenses for any such additional training. Franchisee is responsible for all travel and living expenses and wages incurred in connection with its Personnel attending any training sessions. Franchisor reserves the right to charge for training program fees beyond the initial training program for Franchisee and its original Operating Partner, including without limitation additional pre-opening training if we determine in our sole discretion that your staff is not properly trained before the Facial Bar opens.

**4.04 Conferences.** Franchisor may require Franchisee, the Operating Partner, and/or one or more of the managers of the Facial Bar to attend conferences which may be offered by Franchisor from time to time.

Franchisee will be responsible for the travel and living expenses of such persons, and Franchisee must pay Franchisor's then-current registration fee per person that attends such conference.

**4.05 Advisory Services.** During the Term, Franchisor may, in its sole discretion, upon the request of Franchisee or if determined necessary by Franchisor, furnish counseling and advisory services to Franchisee with respect to the development, opening and/or operation of the Facial Bar. These counseling and advisory services shall occur at Franchisor's offices or via telephone or e-mail. Franchisor shall generally provide such assistance at no expense to Franchisee, provided Franchisor reserves the right, in its sole discretion, to charge Franchisee its then-current per diem charges plus expenses incurred in connection with providing counseling and advisory services beyond those offered as part of Franchisor's standard support established for the System. In addition, if requested by Franchisee and Franchisor's personnel are available, or if determined necessary by the Franchisor in its sole discretion, Franchisor may provide onsite assistance and training at the Facial Bar, however, Franchisee shall pay to Franchisor its then-current per diem charges plus expenses and costs incurred by Franchisor in rendering such assistance.

**4.06 Operations Manual.** During the Term, Franchisor will loan to Franchisee one (1) copy of, or provide Franchisee with electronic access to, the Operations Manual. The Operations Manual may consist of computerized documents or software, information provided on the Internet or an extranet, or any other medium Franchisor adopts periodically for use with the System and designates as part of the Operations Manual, and may consist of a number of individual manuals. The Operations Manual is confidential, copyrighted and Franchisor's exclusive property. The Operations Manual will contain information, standards and specifications concerning the System, the development and operation of the Facial Bar and any other information and advice Franchisor may periodically provide to its franchisees. Franchisor may update and change the Operations Manual periodically to reflect changes in the System and the operating requirements applicable to Face Foundrié Facial Bars, and Franchisee expressly agrees to comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the requirement. Franchisee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Operations Manual in a secure location at the Facial Bar and must restrict employee access to the Operations Manual on a need-to-know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual. If Franchisor and Franchisee have any disagreement about the most current contents of the Operations Manual, Franchisor's master copy of the Operations Manual will control. Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Operations Manual to Franchisor, and upon Franchisor's request, certify to Franchisor that Franchisee has not kept any copies in any medium.

**4.07 Nature of Assistance and Training.** Franchisee agrees that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. Franchisee also acknowledges that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes Franchisor has failed to adequately provide any pre-opening services to Franchisee, Franchisee must notify Franchisor in writing within thirty (30) days following the opening of the Facial Bar or Franchisee will be deemed to have conclusively acknowledged that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to Franchisee.

**4.08 Inspections.** Franchisor shall conduct, as it deems advisable, inspections of the operation of the Facial Bar by Franchisee.

## **5. TRADEMARKS; MODIFICATIONS.**

**5.01 Ownership of the Marks.** Franchisee acknowledges that Franchisor and its Affiliates own all right, title and interest in and to the Marks. Franchisee's right to use the Marks is derived solely from this Agreement and is limited to conducting a facial bar business at or in connection with the Facial Bar pursuant to and in compliance with this Agreement. Franchisee's unauthorized use of any of the Marks constitutes a breach of this Agreement and an infringement of Franchisor's and its Affiliates' rights to the Marks. This Agreement does not confer on Franchisee any goodwill or other interests in the Marks. Franchisee's use of the Marks and any goodwill established thereby inures to the exclusive benefit of Franchisor and its Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks, service marks and trade dress Franchisor authorizes Franchisee to use. Franchisee agrees not to, at any time during or after the Term, contest, or assist any other Person in contesting, the validity or ownership of any of the Marks.

**5.02 Use of the Marks.** Franchisee agrees to use the Marks as the sole identification of the Facial Bar and identify itself as the independent owner thereof in the manner Franchisor prescribes. Franchisee agrees to use only the Marks as Franchisor prescribes in connection with the Facial Bar and the sale of authorized products and services. Franchisee may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including any Internet related use such as an electronic media identifier, for web sites, web pages or domain names) not expressly authorized by Franchisor in writing.

**5.03 Discontinuance of Use of Marks.** If Franchisor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such change, alteration, discontinuation, addition or substitution. Franchisor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

**5.04 Notification of Infringements and Claims.** Franchisee must notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark, or any claim by another Person of any rights in any Mark. Franchisee may not communicate with any Person, other than its legal counsel, and Franchisor, in connection with any such infringement, challenge or claim. Franchisor will have sole discretion to take such action as it deems appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. Franchisee must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of Franchisor's counsel to protect Franchisor's interests in any litigation or U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect its interests in the Marks.

**5.05 Indemnification of Franchisee.** Franchisor shall indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding arising out of its authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs Franchisee reasonably incurs in defending any such claim brought against Franchisee, provided Franchisee has timely notified Franchisor of such claim and provided further that Franchisee and its Owners and Affiliates are in compliance with this Agreement and all other agreements entered into with Franchisor or any of its Affiliates. At Franchisor's sole discretion, Franchisor is entitled to prosecute, defend and/or settle any proceeding arising out of Franchisee's use of any Mark pursuant to this Agreement, and, if Franchisor undertakes to prosecute, defend and/or settle any such matter, Franchisor has no obligation to indemnify or reimburse Franchisee for any fees or disbursements of any legal counsel retained by Franchisee.

**5.06 Modification by Franchisor.** Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the System, including, without limitation, modifications to the Operations Manual, the processes and systems to support the Facial Bar, the products and services offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials. Franchisee agrees to accept, use

and/or display for the purposes of this Agreement any such changes, modifications or improvements to the System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the System as of the date of this Agreement, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the System may require.

**5.07 Modification by Franchisee.** If Franchisee develops any new modification, concept, process, improvement or slogan (including any and all inventions, discoveries, trademarks and improvements) in the operation or promotion of the Facial Bar or to the System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information regarding, such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use and/or allow other franchisees to use the same in connection with the System or the operation of Face Foundrié Facial Bars, without compensation to Franchisee. Franchisee shall assist Franchisor, at Franchisor's expense, in obtaining execution of all documents and taking all other actions which Franchisor may reasonably request to make possible the filing of patent applications for any such developments and to establish that Franchisor is the owner of both the developments and any patent applications made in connection with such developments

## **6. FEES AND OTHER PAYMENTS.**

**6.01 Initial Franchise Fee.** Upon the execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee in an amount set forth on Exhibit A (the "Initial Franchise Fee"). Franchisee acknowledges and agrees that the Initial Franchise Fee is paid as consideration for Franchisor granting Franchisee the right to develop, open and operate the Facial Bar using the Marks and the System, that the Initial Franchise Fee is fully earned by Franchisor at the time this Agreement is executed, and that the Initial Franchise Fee shall not be refundable for any reason.

### **6.02 Royalty Fee and Minimum Royalty Fee.**

(a) In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee agrees to pay Franchisor a continuing royalty fee (the "Royalty Fee") equal to the greater of: (i) seven percent (7%) of Gross Sales per month and (ii) the applicable Minimum Royalty Fee. Payment of the Royalty Fee shall be made no later than the 5<sup>th</sup> day of each month for Gross Sales from the prior month during the term of this Agreement.

(b) The "Minimum Royalty Fee" applicable to the Facial Bar is an amount of One Thousand Five Hundred Dollars (\$1,500) per month. The Minimum Royalty Fee will be assessed beginning on the first day of the month following the earlier of: (a) the date the Facial Bar opens, and (b) the date that is nine (9) months after the date of this Agreement, subject to any extensions to the required opening date that have been granted to Franchisee pursuant to Section 3.03. Franchisor will reconcile the Minimum Royalty Fee with the Royalty Fee Franchisee has actually paid on the 5<sup>th</sup> day of the month following the end of the applicable quarter in which the fee applies or on such other schedule as Franchisor determines, and will debit Franchisee's account for any additional Royalty Fees due.

### **6.03 Other Fees.**

(a) **Marketing Contributions.** During the Term of this Agreement, Franchisee will pay Franchisor a monthly Marketing Contribution in an amount equal to three percent (3%) of Gross Sales, as further described in Section 10.02. Payment of the Marketing Contribution shall be made at the same time as the Royalty Fee.

(b) Technology Fee. Beginning on the date that the Facial Bar opens, Franchisee will pay Franchisor (or its designee) its then-current monthly Technology Fee for email hosting, website maintenance, and for such other technology as Franchisor may designate or license for Franchisee's use at the Facial Bar. This Technology Fee may change from time to time. If Franchisor does not directly provide these services, you will be required to sign a separate agreement with Franchisor's designated provider of these services (which may be an affiliate of Franchisor). Payment of the Technology Fee shall be made at the same time as the Royalty Fee.

(c) Default Fees.

- a. Standard Default Fee. In addition to Franchisor's other rights under the law and this Agreement, if Franchisee breaches or defaults on certain provisions of this Agreement that is not otherwise addressed by another fee in this section, and Franchisee fails to cure the breach or default during the cure period, Franchisee will immediately on notice from Franchisor pay to Franchisor a fee of Five Hundred Dollars (\$500) per default per cure period that passes until the breach or default is cured to offset Franchisor's costs incurred in addressing the default. Breaches and defaults subjecting Franchisee to this "**Standard Default Fee**" are material breaches and defaults of this Agreement and include, but are not limited to, those breaches and defaults outlined in this Agreement's Section 14.03. Franchisee must pay the Standard Default Fee immediately upon notice from Franchisor.
- b. Prohibited Product, Service or Supplier Fee. In addition to Franchisor's other rights under the law and this Agreement, in the event Franchisee uses any supplier not approved by Franchisor, or offers any unapproved product or service in connection with the Facial Bar in violation of this Agreement, Franchisor reserves the right to charge Franchisee a fee of Five Hundred Dollars (\$500) per day of use of the unauthorized supplier, products or services immediately upon notice from Franchisor.
- c. Unauthorized Advertising Fee. In addition to Franchisor's other rights under the law and this Agreement, in the event Franchisee uses any advertising or promotional materials not approved by Franchisor in violation of this Agreement, Franchisor reserves the right to charge Franchisee a fee of Five Hundred Dollars (\$500) per day of use of unauthorized advertising or promotional materials.
- d. Insurance Handling Fee. In addition to Franchisor's other rights under the law and this Agreement, in the event Franchisee fails to obtain or maintain insurance coverage required under this Agreement and Franchisor obtains the insurance coverage on Franchisee's behalf, Franchisor reserves the right to charge Franchisee its then-current insurance handling fee, which is in addition to the cost of insurance premiums, for which Franchisee must also reimburse Franchisor.

**6.04 Automated Bank Draft.** All Royalty Fees, Marketing Contributions, Technology Fees, and other fees or contributions required to be paid to Franchisor or its Affiliates shall be paid by automated bank draft or such other method as determined by Franchisor, as applicable, in its sole discretion. At least thirty (30) days before opening the Facial Bar, Franchisee shall provide Franchisor with Franchisee's bank name, address, account number, and a voided check from Franchisee's bank account. Franchisee shall also execute an Electronic Funds Withdrawal and Credit Card Authorization, which is attached as Exhibit D to this Agreement (which also includes a credit card authorization in favor of Franchisor authorizing Franchisor to charge all amounts Franchisee or its affiliates owe to Franchisor under this Agreement or any other agreement between Franchisee and its affiliates and Franchisor), and give copies to Franchisee's bank and to Franchisor. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement

by other means Franchisor may specify from time to time. If Franchisee does not report Gross Sales in the time period required by Franchisor, Franchisor may process an automated bank draft (or other method used by Franchisor to collect funds) based on one hundred twenty percent (120%) of the last Royalty Fee, Marketing Contribution, and other fees that Franchisor collected. If the Royalty Fee, Marketing Contribution, and other amounts Franchisor collects are less than the fees Franchisee actually owes Franchisor, Franchisor will debit Franchisee's account for the balance on a day Franchisor specifies. If the Royalty Fee, Marketing Contribution, and other amounts Franchisor debits are greater than the fees Franchisee actually owes Franchisor, Franchisor will credit the excess against the amount Franchisor otherwise would debit from Franchisee's account during the following month.

**6.05 Late Payments and Insufficient Funds.** All overdue payments for fees required to be paid hereunder shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by law, but in no event shall such rate exceed one and one-half percent (1½%) per month. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a \$50 late payment fee for all such overdue payments and a \$30 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution.

**6.06 Application of Payments.** Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be applied by Franchisor at its discretion to any of Franchisee's past due amounts. Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee. Franchisee agrees not to set off or withhold payment of any monthly or other amounts due to Franchisor or its Affiliates, due to the nonperformance or alleged nonperformance by Franchisor of any of its obligations hereunder.

## **7. RESTRICTIVE COVENANTS.**

### **7.01 Covenants Not to Compete.**

(a) **Non-Competition during Term.** In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and Franchisee's spouse, and, if Franchisee is not an individual, each of its Owners and their spouses (each, a "**Restricted Party**"), agree that they will not, directly or indirectly, for and on behalf of itself, himself, herself or any other Person, without the prior written consent of Franchisor, during the Term (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, regardless of location or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(b) **Post-Term Non-Competition.** In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and the Restricted Parties agree that they will not, for two (2) years following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, or, with respect to a Restricted Party only, by such Restricted Party, directly or indirectly, for and on behalf of itself, himself, herself or any other Person, without the prior written consent of Franchisor, (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within a ten (10) mile radius of the protected territory of any Face Foundrié Facial Bar in operation or under construction on the effective date of termination or expiration.

(c) **General.** The parties acknowledge that the covenants contained in this **Section 7.01** are given in consideration of the fact that Franchisee and the Restricted Parties will possess knowledge of Franchisor's business and operating methods and Confidential Information, disclosure and use of which would



prejudice the interest of Franchisor and its franchisees and licensees of other Face Foundrié Facial Bars. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in scope, time or distance, such scope, time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

#### **7.02 Confidential Information.**

(a) Franchisee acknowledges and agrees that in connection with the ownership, development and/or operation of Face Foundrié Facial Bars by Franchisor and its Affiliates, Franchisor and its Affiliates have developed at great expense Confidential Information that is part of the System and that is not commonly known by or available to the public. This Confidential Information does not include any information that (i) is commonly known by or available to the public; (ii) has been voluntarily disclosed to the public by Franchisor or its Affiliates; (iii) has been independently developed or lawfully obtained by Franchisee (other than by virtue of disclosure by Franchisor or its Affiliates in connection with this Agreement); or (iv) has otherwise entered the public domain through lawful means.

(b) Franchisee and each Restricted Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any Person, or copy or use for such party's own benefit, or for the benefit of any other Person, any Confidential Information, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. As between Franchisor, on the one hand, and Franchisee and the Restricted Parties, on the other hand, all Confidential Information is the sole and exclusive property of Franchisor. Franchisee and each Restricted Party agree that the restrictions contained in the preceding sentences in this Section 7.02(b) will remain in effect with respect to Confidential Information for five (5) years following termination or expiration of this Agreement for any reason; provided, however, if the Confidential Information rises to the level of a trade secret under applicable law, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Franchisee also agrees that it and all of its Personnel will take appropriate steps to protect Confidential Information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon expiration or termination of this Agreement, Franchisee will immediately return any copies of documents where there are materials containing Confidential Information and will take appropriate steps to permanently delete and render unusable any Confidential Information stored electronically.

**7.03 Data and Customers.** In addition to the obligations set forth in Sections 7.01 and 7.02 above, Franchisee: (a) shall not reproduce, release or in any way make available or furnish, either directly or indirectly, to any person or Entity at any time, any information concerning the customers of Franchisee under this Agreement, which may be used to solicit sales from such customers including, but not limited to, the type of sales covered by this Agreement; (b) shall protect all said customer information from disclosure, destruction, loss or theft during the Term of this Agreement and until all copies of customer lists and copies of all other information concerning customers are turned over to Franchisor; (c) agrees not to use or permit to be used said information concerning Franchisee's customers in any manner except in the performance of this Agreement; and (d) shall at all times maintain any information, including lists, relating to the customers of Franchisee separate and distinct from any customer information Franchisee may maintain that is unrelated to this Agreement. In addition to the obligations set forth above, upon termination of this Agreement for any reason, Franchisee shall immediately deliver to Franchisor all copies of lists of customers and copies of all other information concerning customers, including, but not limited to, all computer generated data regarding such customers, and neither Franchisee nor its directors, officers, Owners, managers, employees, successors and assigns shall use any said information concerning such customers to solicit any of such customers. All of the information Franchisor or its Affiliates obtain from Franchisee or the Facial Bar, and all information in

Franchisee's or Franchisor's records about the customers of the Facial Bar (the "**Information**") and all revenues Franchisor derives from the Information will be Franchisor's property. However, Franchisee may at any time during the term of this Agreement use it in the operation of the Facial Bar (but for no other purpose), to the extent lawful and at Franchisee's sole risk and responsibility, any information that Franchisee acquires from third parties in operating the Facial Bar, including customer data. The Information (except for information Franchisee provides to Franchisors or its affiliates about Franchisee and its Affiliates, including Franchisee's respective officers, directors, shareholders, partners, or Owners) will become Franchisor's property, which Franchisor may use for any reason Franchisor deems necessary or appropriate in its discretion. Franchisee hereby authorizes any software providers or other vendors to release this information to Franchisor at any time. After termination or expiration of this Agreement, Franchisee will no longer use any of the Information, except to comply with Franchisee's post-term obligations under this Agreement.

**7.04 Personal Covenants of Restricted Parties.** As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, each Restricted Party must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit E (the "**Personal Covenants**"), agreeing to be bound personally by all the provisions of Sections 7.01, 7.02, 7.03, 7.06 and 13.05 hereof. If there are any changes in the identity of any such Restricted Party while this Agreement is in effect, Franchisee must notify Franchisor promptly and cause the new Restricted Party to sign and deliver to Franchisor the Personal Covenants.

**7.05 Agreements by Other Third Parties.** As a condition to Franchisor's execution of this Agreement, Franchisee, if requested by Franchisor, shall cause its Operating Partner, each owner, officer and director (including their spouses), to execute a confidentiality, noncompetition, and/or nonsolicitation agreement in the form(s) approved or prescribed by Franchisor from time to time, which shall include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. In addition, Franchisee shall require its Salon Manager(s), managers, assistant managers, and any other personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment or engagement by Franchisee at the Facial Bar. Such covenants shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current form of which is attached hereto as Exhibit I. You must deliver copies of such completed agreements within three (3) days of our request.

**7.06 Reasonable Restrictive Covenants.** Franchisee and each Restricted Party acknowledge and agree that the covenants and restrictions in this Section 7 are reasonable, appropriate and necessary to protect the System, other Face Foundrié Facial Bars and the legitimate interest of Franchisor and its Affiliates, and (b) do not cause undue hardship on Franchisee or any of the other individuals required by this Section 7 to comply with the covenants and restrictions.

## **8. YOUR ORGANIZATION AND MANAGEMENT.**

**8.01 Organizational Documents.** If Franchisee is an Entity as of the date hereof, or if the original Owner(s) of the franchise sign this Agreement in their individual capacities and thereafter elect to Transfer this Agreement (as permitted herein) to an Entity, the Franchisee and each of the Owners represent, warrant and agree that: (a) the Franchisee Entity is duly organized and validly existing under the laws of the state of its organization, and, if a foreign corporation, partnership, limited liability company or other legal entity, it is duly qualified to transact business in the state in which the Facial Bar is located; (b) the Franchisee Entity has the authority to execute and deliver this Agreement and to perform Franchisee's obligations hereunder; (c) true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to the ownership, organization, capitalization, management and control of the Franchisee Entity have been delivered to Franchisor and all amendments thereto shall be promptly delivered to Franchisor; and (d) the Franchisee

Entity's activities are restricted to those necessary solely for the development, ownership and operation of one or more Facial Bars in accordance with this Agreement and in accordance with any other agreements entered into with Franchisor or any of its Affiliates.

**8.02 Disclosure of Ownership Interests.** Attached hereto as Exhibit B is a description of the legal organization of Franchisee, the names and addresses of each Owner and the percentage of such interest owned by such Owner. Franchisee agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit B. Franchisor may require each Owner owning an interest in Franchisee and each Owner's spouse to execute the Personal Guaranty attached hereto as Exhibit C.

**8.03 Management of Facial Bar.**

a) Franchisee must designate on Exhibit B an "Operating Partner", which individual must be approved by Franchisor and: (a) own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to Franchisor), not less than a twenty percent (20%) interest in Franchisee's equity and voting rights; (b) have the authority to bind Franchisee regarding all operational decisions with respect to the Facial Bar; and (c) have completed Franchisor's training program to its satisfaction. The Operating Partner must devote full-time efforts to the Facial Bar, and the Operating Partner may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise that may conflict with his or her obligations hereunder without our approval. Franchisee shall provide Franchisor with a copy of any proposed arrangement, agreement or contract, and all amendments thereto, with the Operating Partner for Franchisor's prior review and approval, and upon approval thereof, executed copies thereof. Franchisor shall have no responsibility, liability or obligation to any party to any such arrangement, agreement or contract, or any amendments thereto, on account of Franchisor's approval thereof or otherwise, and Franchisee agrees to indemnify and hold Franchisor harmless with respect thereto. The Facial Bar at all times must be supervised by the Operating Partner who has completed the appropriate training programs to our satisfaction.

b) Salon Manager. At least ninety (90) days prior to the opening of your Facial Bar, you agree to designate and to retain at all times during the term of this Agreement a Salon Manager who meets our qualifications to supervise the operation of your Facial Bar. Your Salon Manager must devote full time and best efforts to the supervision of your Facial Bar and shall not engage in any other business, including the supervision or management of any additional Face Foundrie Facial Bar(s). Each Face Foundrie Facial Bar must have a different Salon Manager. You acknowledge and agree that the appointment of a Salon Manager will not relieve your Operating Partner of his or her supervisory responsibilities for the operation of your Facial Bar. You and your Operating Partner shall remain fully responsible for your Salon Manager's performance. In the event that your Salon Manager leaves your employment, dies or becomes disabled, or ceases to meet our qualifications, your Operating Partner must immediately assume day-to-day operational management and supervision of your Facial Bar on a full-time basis until the appointment of a new Salon Manager who meets Franchisor's qualifications and is approved by Franchisor. A replacement Salon Manager must be appointed within sixty (60) days after the departure of your previous Salon Manager. Your Salon Manager must complete the designated training programs to our satisfaction.

c) Designation. The names of your Operating Partner and Salon Manager, along with such other information we shall require in order to determine if such individuals meet our qualifications, shall be provided to us in writing, and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Operating Partner or any Salon Manager cannot continue or no longer qualifies to serve in that capacity and you must take corrective action within thirty (30) days after any such notice.

## **9. OPERATING STANDARDS AND FRANCHISEE OBLIGATIONS.**

**9.01 Obligations of Franchisee.** Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other Face Foundrié Facial Bars of the uniformity of the appearance, products, services and advertising of the System and acknowledges and agrees that such uniformities are necessary for the successful operation of the Facial Bar. Franchisee also acknowledges and agrees that Franchisor has worked to develop and maintain a reputation for excellence with respect to the products and services sold under the Marks and at Face Foundrié Facial Bars, and Franchisee acknowledges and agrees that it is of the utmost importance to Franchisor, Franchisee and all other Face Foundrié Facial Bars that such reputation be maintained. As such, Franchisee covenants and agrees with respect to the operation of the Facial Bar that Franchisee and its employees and agents will comply with all of the requirements of the System and the Operations Manual and will throughout the Term:

(a) Operate the Facial Bar and prepare and sell all products and services sold therein in accordance with, and comply with all requirements of, this Agreement, Franchisor, the System and the Operations Manual as they are now or hereafter established, including, without limitation, any specifications, standards, business practices and policies. Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Facial Bar to ensure that Franchisee is in compliance therewith and to test any and all service offerings, equipment, systems, products and supplies used in connection with the operation of the Facial Bar.

(b) Maintain at all times, at its expense, the Facial Bar and its equipment, fixtures, furnishings, furniture, décor, premises, parking areas, landscape areas, if any, and interior and exterior signs in a clean, attractive and safe condition in conformity with the Operations Manual and Franchisor's high standards and public image. Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Facial Bar in the highest degree of sanitation and repair and to maintain maximum efficiency and productivity and in accordance with Franchisor's specifications and in compliance with applicable laws. If Franchisor changes the System or standards of operation with respect to the Facial Bar, Franchisee expressly agrees to comply with each change within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the change. Franchisee shall also maintain maintenance contracts and/or service contracts on all equipment and machinery designated by Franchisor and Franchisor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts.

(c) Make no physical changes from blueprint specifications or approved remodeling plans in connection with the Premises, or the design thereof, or any of the materials used therein, or their colors, without the express written approval of Franchisor, except that Franchisee will, upon request of Franchisor, make such reasonable alterations to the Facial Bar or premises as may be necessary to conform to the then-current marketing and operating standards and specifications of the System. Franchisee will paint the Facial Bar (interior or exterior) at such intervals as Franchisor may reasonably determine to be advisable, which determination shall in no event be more than once in any calendar year.

(d) Comply with all applicable laws, rules, ordinances, regulations and licensing and permitting requirements that affect or otherwise concern the Facial Bar or the Premises, including, without limitation, zoning, disability access, signage, fire and safety, sales tax registration, music licensing, health and sanitation, construction, HVAC, plumbing, environmental laws, and other data privacy regulations, guidelines and best practices. Franchisee will be solely responsible for obtaining any and all licenses and permits required to operate the Facial Bar. Franchisee must comply with all state and local laws and regulations regarding the staffing and management of the Facial Bar, including without limitation (i) any requirements for medical personnel supervision, ownership, oversight or involvement with the Facial Bar, and (ii) any requirements for certain services to be provided by licensed and/or credentialed individuals. Without limiting the previous sentence, Franchisee must ensure each employee or contractor has all necessary licenses, and meets all

continuing education requirements, and Franchisee must maintain copies of all such licenses. Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, disciplinary investigation, suit, proceeding or investigation, or of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that relates to Franchisee, the Facial Bar, or any of Franchisee's employees. Franchisee must keep copies of all health, fire, building occupancy and similar inspection reports on file and available for Franchisor to review. Franchisee must promptly forward to Franchisor any correspondence stating that Franchisee is not in compliance with any such laws, rules, ordinances and regulations. Franchisee must abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If Franchisee or Franchisor are required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, Franchisor may require Franchisee to provide, or make available, to Franchisor copies of an audit, scanning results, or related documentation relating to such compliance. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Franchisor notice of such security breach and promptly identify and remediate the source of any compromise or security breach. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Facial Bar.

(e) Maintain sufficient inventories and employ sufficient employees to operate the Facial Bar at its maximum capacity and efficiency at such hours and days as Franchisor shall designate or approve in the Operations Manual or otherwise, and operate the Facial Bar for such hours or days so designated or approved by Franchisor.

(f) Require all employees of the Facial Bar to wear uniforms and abide by the System dress code and to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to customers of the Facial Bar and at events which the Facial Bar is servicing. Notwithstanding anything contained herein to the contrary, Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, scheduling, recordkeeping, wages, supervision, discipline, hiring or firing.

(g) To pay when due all amounts which it owes to anyone for supplies, equipment and other items used in connection with the Facial Bar and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Facial Bar. Franchisee must notify Franchisor immediately when and if Franchisee becomes more than thirty (30) days delinquent in the payment of any of the obligations mentioned above.

(h) Use only those products, supplies, furnishings, services, and equipment that (i) conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise, and (ii) are purchased from suppliers designated or approved in writing by Franchisor.

(i) Prominently display at the Facial Bar and at all events serviced by the Facial Bar, signs using the name "FACE FOUNDRIE," and/or other signs, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing; and not display in the Facial Bar or at the Premises or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects.

(j) Refrain from deviating from the product and service offerings (and all changes, alterations, additions and subtractions thereof), supplies, standards, procedures, protocols, menus,

specifications, methods of service execution, and sales, marketing and advertising programs and techniques as specified by Franchisor, without the prior written consent of Franchisor.

(k) At all times operating the Facial Bar under the direct, on-site supervision of at least one person who has successfully completed our training programs pursuant to this Agreement.

(l) Participate in all national, regional or local advertising and promotional activities Franchisor requires. Franchisee understands that Franchisor implements promotions such as discount coupons, certificates, frequent customer cards, special offering promotions, gift cards and other activities intended to enhance customer awareness of the System and build traffic at Face Foundrié Facial Bars on a national, regional or local level. Franchisor may establish procedures and regulations related to these promotions in the Operations Manual and Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise in writing.

(m) Become and remain in good standing a member of any purchasing and/or distribution cooperative/association/program designated by Franchisor and/or established by Franchisor for the System, remain a member in good standing thereof throughout the term of this Agreement and pay all membership fees or fees on purchases that are assessed by such purchasing and/or distribution cooperative/association/program. In addition, as required by Franchisor, maintain contracts with, or participate in any Franchisor contracts, with any third-party(ies) offering customer service, mystery shopper, shopper experience, client safety or other service programs designed to audit, survey, evaluate or inspect Facial Bar operations. Franchisee understands that Franchisor has the right to specify the third party(ies) and the required level of participation in such programs and that Franchisee will bear the cost thereof.

(n) Operate and maintain the Facial Bar in a manner which will ensure that the Facial Bar will obtain the highest classification possible for beauty services of like kind from the governmental authorities that inspect beauty service businesses in the Protected Territory. If Franchisee is not able to obtain such classification, or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs, safety, and sanitation required by Franchisor, then Franchisor may, at its option, place such trained personnel in the Facial Bar as Franchisor deems necessary to train the managerial and operating personnel of the Facial Bar until the Facial Bar can obtain the required classification or meet such general standards. Franchisor's personnel may remain at the Facial Bar until the required classification is obtained or until Franchisor, in its sole discretion, decides to remove them. Franchisee shall pay all costs associated with providing such personnel, including costs of transportation, meals, lodging, wages or other compensation, including fringe benefits.

(o) Abide by any maximum, minimum or other pricing requirements established by Franchisor with respect to products and services provided at the Facial Bar.

(p) Attend, and have the required individuals attend, Franchisor's annual conference of franchisees, if one is held, and pay any amounts charged by Franchisor with respect to attendance thereat.

(q) Immediately notify Franchisor of—and deliver to Franchisor a copy of—any notice about a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to the Facial Bar. Upon request from Franchisor, Franchisee will provide additional information as may be required by Franchisor about the same.

(r) At the request of Franchisor, but not more often than once every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall undertake Refurbishments (as defined in Section 15.01) of the Premises, at its expense.

## **9.02 Purchases and Approved Suppliers.**

(a) Franchisee shall purchase (or lease) all equipment, machinery, vehicles, fixtures, furnishings, signs, décor, beauty and facial, eyebrow, and eyelash products and supplies, back bar and retail products, packaging, furnishings, uniforms, technology, and other products, supplies or services required for the establishment and operation of the Facial Bar from suppliers designated or approved in writing by Franchisor (as used in this Section 9 the term “supplier” shall include manufacturers, distributors and other forms of suppliers). Franchisor may designate at any time and for any reason, a single or multiple supplier(s) for equipment, machinery, vehicles, fixtures, furnishings, signs, décor, beauty and facial, eyebrow, and eyelash products and supplies, back bar and retail products, packaging, furnishings, uniforms, technology, and other products, supplies or services and require Franchisee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be Franchisor or an Affiliate of Franchisor. If Franchisor designates itself as a supplier, Franchisor has the right to earn a profit on any items it supplies. Franchisor and its Affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers’ dealings with Franchisee and/or the System, and may use all amounts received by it without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other System franchisees.

(b) If Franchisee desires to purchase any equipment, machinery, vehicles, fixtures, furnishings, signs, décor, beauty and facial, eyebrow, and eyelash products and supplies, back bar and retail products, packaging, furnishings, uniforms, technology, and other products, supplies or services from suppliers other than those previously approved by Franchisor and such items have not been designated by Franchisor to be exclusively supplied by a designated supplier(s), Franchisee shall first submit to Franchisor a written request for authorization to purchase such items, together with such information and samples as Franchisor may require. Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or suppliers’ facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing, either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or distributor. A charge equal to the greater of \$2,500 or the reasonable cost of the evaluation and testing, which may include travel expenses incurred by Franchisor, shall be paid by Franchisee. Franchisor shall, within ninety (90) days after its receipt of such request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval. Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier’s failure to continue to meet any of Franchisor’s then-current criteria. Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, Products and/or cease to purchase from any disapproved supplier.

## **9.03 Intentionally Omitted.**

**9.04 Computer System and Required Software.** The following terms and conditions shall apply with respect to the Computer System and Required Software:

(a) Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Face Foundrie Facial Bars, including without limitation: (i) computerized data processing systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Face Foundrie Facial Bars, between or among Face Foundrie Facial Bars, and between and among the System and Franchisor and/or Franchisee; (ii) credit card, debit card, and other non-cash payment systems, and related hardware; (iii) physical, electronic, and other

security systems; (iv) tablets, printers and other peripheral devices; (v) archival back-up systems; and (vi) internet access mode and speed (collectively, the “**Computer System**”).

(b) Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (i) computer software programs and accounting system software that Franchisee must use in connection with the Computer System, and established digital applications, and any successor technology or replacement thereto (“**Required Software**”), which Franchisee shall install; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (iii) the tangible media upon which such Franchisee shall record data; and (iv) the database file structure of Franchisee’s Computer System.

(c) Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing, and Franchisor may periodically require Franchisee, at its expense, to upgrade or update the Computer System and Required Software to remain in compliance with the standards, specifications and requirements required by Franchisor (collectively, “**Computer Upgrades**”).

(d) Franchisee shall comply with all standards, specifications and requirements issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee’s Computer System and Required Software as Franchisor may request, in the manner and form, and at the times, requested by Franchisor.

(e) Franchisor may require Franchisee to pay Franchisor or its designated third party(ies) reasonable fees to support and upgrade the Computer System and Required Software. Franchisee will be required to pay the costs for technology licensed for use in the Facial Bar and with respect to the Computer System and Required Software. If Franchisor does not directly provide these services, Franchisee will be required to sign a separate agreement with Franchisor’s designated provider of these services (which may be an Affiliate of Franchisor).

**9.05 Insurance.** Franchisee agrees to secure and maintain during the term of this Agreement, at its own cost, the following insurance policies by carriers approved by Franchisor:

(a) Such insurance as may be required by the terms of any lease for the Facial Bar or, if there is no such lease, Franchisee agrees to carry fire and extended coverage insurance (including, if applicable, flood and earthquake coverage) covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Facial Bar or at the Premises in the amount of the full replacement value of such property.

(b) Commercial General Liability Insurance, including coverages for products/completed operations, contractual liability, personal and advertising injury, fire damage/damage to rented premises, and medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Facial Bar, automobile liability coverage for owned, non-owned, scheduled and hired vehicles. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation in favor of Franchisor.

(c) Workers’ compensation and professional liability insurance, or a similar policy if the Facial Bar is located in a non-subscriber state, covering all of its employees, with limits of at least \$1,000,000, as well as any other insurance required by law. Such coverages shall provide for waivers of subrogation in favor of Franchisor.



(d) Abuse and molestation coverage with limits of at least \$1,000,000 per occurrence.

(e) All risks coverage for full repair and replacement value of all of the property, equipment, furniture, fixtures and supplies used in the Facial Bar or at the Premises with no more than a \$1,000 deductible.

Franchisee agrees that Franchisor shall be named as an additional insured under each of the foregoing insurance policies. Before the opening of the Facial Bar and, thereafter, at least thirty (30) days before the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least thirty (30) days written notice in the event of material alteration to, or termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within thirty (30) days after the filing of such claim. Franchisor may, from time to time, during the term of this Agreement, at its sole option, require that the minimum limits and types of insurance coverage, as specified above, be increased or changed as determined solely by Franchisor. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand any premiums incurred by Franchisor in connection therewith. Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 17.02 hereof. Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Facial Bar and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

**9.06 Vehicles.** Franchisee, entirely at its own expense, shall provide all vehicles as may be necessary and proper for the operation of the Facial Bar pursuant to this Agreement and shall maintain such vehicles in good working order and repair. Franchisee shall be solely responsible for registration and licensing of such vehicles and for the payment of all taxes and assessments thereon. Franchisor shall have no responsibility for any expense in connection with the purchase, maintenance or use of such vehicles, such expenses being the sole responsibility of Franchisee.

**9.07 Customers.** Franchisee will conform to all quality and customer service standards prescribed by Franchisor in writing. All of the services performed by Franchisee shall be of a high standard of workmanship and quality. Franchisee shall at all times maintain a general policy of satisfaction of customers and shall address all complaints of and controversies with customers arising out of the operation of the Facial Bar. Franchisee shall use its best efforts to respond to each customer complaint within twenty-four (24) hours after receipt of such complaint from the customer or from Franchisor (if the customer complains first to Franchisor). If Franchisee fails to respond to a complaint within such twenty-four (24) hour period, Franchisor may intervene and address and/or resolve such complaint (without incurring liability); if Franchisor incurs costs and/or expenses in addressing and/or resolving the complaint, Franchisor may charge such costs and/or expenses back to Franchisee the full amount of such costs and expenses. Franchisee shall comply with all customer service standards and procedures adopted by Franchisor as necessary to protect the goodwill of the System.

**9.08 Memberships.** Franchisee will offer and sell rights of access or service packages to the Facial Bar (each a "Membership") as Franchisor requires from time to time. All Memberships must be evidenced by a written agreement and may not be for a term that extends beyond the expiration of this Agreement (a "Membership Agreement"). Franchisor reserves the right to provide Franchisee a form of Membership

Agreement, and if it does so, Franchisee will use the form of Membership Agreement that Franchisor provides to Franchisee, and will not make any modifications in the forms without Franchisor's prior written consent. Notwithstanding the foregoing, Franchisee acknowledges that it is responsible for ensuring that the Membership Agreements and its offer of Memberships comply with all applicable laws for its Facial Bar. If such laws require that Franchisee modify the Membership Agreements or the terms of Membership that it offers, Franchisee may do so only to the extent necessary to comply with such applicable laws, provided that Franchisee provide Franchisor with written notice at least fourteen (14) days prior to such modifications. Any Membership Agreement that has been modified without Franchisor's consent shall be void. Franchisee agrees to comply with Franchisor's System standards regarding Memberships, including regarding the following matters: (i) the types and terms of Memberships it may offer; (ii) the form(s) of Membership Agreement; (iii) the terms and conditions upon which a member may transfer his or her Membership from the Facial Bar to another Face Foundrie Facial Bar and vice versa; (iv) admission of members of the Facial Bar to other Face Foundrie Facial Bars; (v) procedures to follow when members transfer to or from the Facial Bar; (vi) use and acceptance of coupons, passes, certificates, and gift cards; (vii) group accounts and group Memberships (and discounts applicable thereto); and (viii) payment terms for Memberships. Franchisee agrees that Franchisor and its Affiliates own all information relating to clients and members of the Facial Bar, including names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information and related information, that it comprises personal information and part of the Confidential Information, and that Franchisor and its Affiliates may use such membership information in its and their business activities.

**9.09 Right to Use Franchisee's Name.** Both before and after the expiration or termination of this Agreement, Franchisee agrees to give Franchisor and those acting under Franchisor's authority the right to reasonably and fairly use Franchisee's name, photograph or biographical material (including the names, photographs or biographical materials regarding Franchisee's Owners) in any publication, circular or advertisement related to the business of Franchisor or Franchisee, in any place for an unlimited period, without compensation.

**9.10 Existing Operators.** If Franchisee or one or more of its Affiliates or Owners operates or manages an existing facial bar as of the Effective Date of this Agreement that it is converting to a Facial Bar (an "Existing Facial Bar"), Franchisee, on its behalf and on behalf of its Affiliates and Owners, makes the following representations:

- (a) There is no pending or, to Franchisee's knowledge, threatened litigation, proceeding or investigation against or affecting the Existing Facial Bar.
- (b) The Existing Facial Bar has been managed and operated in material compliance with all federal, state and local laws, regulations and ordinances, and the Existing Facial Bar has not received a notice from any governmental authority which asserts or alleges a violation of law.
- (c) All information given to Franchisor by Franchisee with respect to Franchisee's prior revenues, profits, expenses and number of customers is true and correct.
- (d) Franchisee and its Affiliates and Owners do not own a Competitive Business which would violate the non-competition terms of this Agreement.

## **10. MARKETING AND ADVERTISING.**

**10.01 Grand Opening Promotion.** Franchisee, at its sole expense, must develop and implement a grand opening promotion plan approved by Franchisor to introduce the Facial Bar. Franchisee must provide Franchisor with a proposed grand opening promotional plan, and obtain Franchisor's approval of such plan, at least sixty (60) days prior to the opening of the Facial Bar. Franchisee is required to spend a minimum amount established by Franchisor for the grand opening marketing program in the time period beginning thirty

(30) days before until sixty (60) days following the grand opening of the Facial Bar. Franchisee must obtain Franchisor's approval to its plan and proposed expenditures prior to the execution of the program. Franchisor may require Franchisee to provide proof that these funds were spent. If Franchisee fails to spend the minimum required amount on the grand opening promotion plan, Franchisor has the right to collect from Franchisee the difference between what it should have spent and what it actually spent. The grand opening promotion plan is in addition to any marketing contributions that Franchisee must pay to Franchisor.

#### **10.02 System Marketing Fund.**

(a) In addition to all other amounts required to be paid hereunder, during the Term, Franchisor has established a System Marketing Fund (the "Marketing Fund"), and Franchisee must pay to Franchisor, or such other entity designated by Franchisor, three percent (3%) of Gross Sales per month (the "Marketing Contribution"), which amount shall be used by the Marketing Fund. Payment of the Marketing Contribution shall be made no later than the 5<sup>th</sup> day of the month for Gross Sales from the prior month during the term of this Agreement, or on such schedule as Franchisor may establish in its discretion.

(b) The Marketing Contribution will be expended for the benefit of Franchisor, Franchisee and all other franchisees, licensees or users of the System for brand development initiatives and programs intended to maximize general public recognition, acceptance, and use of the System as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis. The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor, at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Face Foundrié Facial Bars for the benefit of all Face Foundrié Facial Bars, and Franchisor undertakes no obligation to ensure that the Marketing Fund benefits each Face Foundrié Facial Bar in proportion to its respective Marketing Contributions. Franchisor agrees that all Marketing Contributions may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting media marketing campaigns and System advertising, marketing and sales programs and campaigns; consumer research and marketing surveys designed to assist in maintaining high quality standards; public relations activities; trade show participation (including travel and expenses for Franchisor's staff); the development and operation of a national and regional accounts program; on-line directory listings; developing and maintaining Franchisor's Website and other internet marketing, as well as social media and other digital applications (and other successor technology platforms); sponsorship of organizations and events; purchasing promotional items and advertising materials; out-of-pocket expenses (including printing, postage, shipping, telephone and photocopying); Franchisor's allocable overhead and administrative costs (including compensation and expenses of employees relating to the Marketing Fund); and providing promotional and other marketing materials and services to the Face Foundrié Facial Bars operated under the System, and employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

(c) The Marketing Fund shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Fund and its advertising programs. The Marketing Fund will not be Franchisor's asset. A financial statement of the operations of the Marketing Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Face Foundrié Facial Bars to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Marketing Fund shall receive interest at a reasonable rate. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. Franchisor may cause the Marketing Fund to be incorporated or operated

through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor will not be liable for any act or omission with respect to the Marketing Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this paragraph, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Marketing Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Marketing Contributions collected. Franchisor may reduce contributions of franchises to the Marketing Fund and upon notice to Franchisee, reduce the Marketing Fund's operation or terminate the Marketing Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past.

**10.03 Local Marketing.** Franchisee agrees that, in addition to the payment of the Marketing Contributions and any amounts required under Section 10.02 hereof, it will spend such amount for local market marketing (e.g., advertising, promotions, publicity, social network) as determined by Franchisee but in no event less than one and one-half percent (1.5%) of Gross Sales annually. Franchisee shall provide to Franchisor for its review and approval a marketing plan for its local marketing program at least sixty (60) days prior to the end of each calendar year (or such annual period as Franchisor may require). Franchisee must provide proof of such local marketing expenditures upon Franchisor's request therefor. Local marketing expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons and expenses and costs incurred in honoring sales promotions. If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisee shall spend the amount of such deficiency during the next succeeding annual period in addition to the local marketing requirement for that period, or Franchisor, at its option, may require Franchisee to pay this amount to Franchisor. Franchisor may either spend it on Franchisee's behalf, or contribute such amount to the Marketing Fund, at its sole discretion. Failure to comply with this Section shall be deemed a material breach of this Agreement. Franchisee acknowledges that it must follow the procedures provided in the Operations Manual with respect to all advertising and promotional requirements, and it may not use any advertising or promotional plans that Franchisor has not approved in writing.

In addition, Franchisee agrees that during its initial six (6) months of operations, it will spend a minimum of (a) \$2,600 per month on approved digital advertising with (an) approved vendor(s), and (b) \$2,400 per month on other paid marketing tactics approved by Franchisor.

**10.04 Approval of Advertising.** Any and all advertising and marketing materials not prepared or previously approved by Franchisor in the immediately preceding twelve (12) month period shall be submitted to Franchisor before any publication or run date for approval with enough time as is necessary for Franchisor to review such materials, which approval may be granted or withheld in Franchisor's sole discretion. Franchisor will provide Franchisee with written notification of its approval or disapproval within a reasonable time. In the event Franchisor does not notify Franchisee of its approval or disapproval within ten (10) days of Franchisor's receipt of the materials, the materials shall be deemed disapproved. Franchisee must discontinue the use of any approved advertising within five (5) days of Franchisee's receipt of Franchisor's request to do so. No advertising or promotion by Franchisee shall be conducted on or through the Internet or other electronic transmission without express prior written approval by Franchisor. All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the System, as determined in Franchisor's sole discretion. From time to time, Franchisor may issue policies on advertising, promotion, marketing and social media. Franchisee covenants and warrants with respect to such policies that Franchisee and its employees and agents will comply with all of the requirements of any such policies throughout the Term.

**10.05 Franchisee Website.** Franchisee agrees not to promote, offer or sell any products or services relating to the Facial Bar, or to use any of the Marks, through the Internet, social media, or through other forms of electronic or digital media without Franchisor's prior written consent. In connection with any such consent, Franchisor may establish such requirements as Franchisor deems appropriate, including (a) obtaining Franchisor's prior written approval of any Internet domain name, home page addresses and social media accounts; (b) submission for Franchisor's approval of all Web site pages, social media, and online or digital materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including

text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining Franchisor's prior written approval of any modifications.

As of the date of this Agreement, Franchisor maintains a website related to Face Foundrie Facial Bars at [www.facefoundrie.com](http://www.facefoundrie.com) (the "Website"). Franchisor shall have the right to designate a successor Website or remove the Website, at its discretion. Subject to the terms of this Agreement, during the Term, Franchisor may make available to Franchisee information regarding the Facial Bar on the Website, and/or at least two e-mail addresses under the Website's domain for Franchisee's use (collectively, the "Email Addresses"). Franchisee will be permitted to use the Email Addresses solely to promote, and provide customers information related to, the Facial Bar. Franchisee shall only use the Email Addresses in accordance with terms of this Agreement as well as any guidelines, directives or in the Operations Manual. Franchisee understands and agrees that no message sent from the Email Addresses may contain content which references any other business other than the Facial Bar. Franchisee will not upload, publish, display or otherwise include or use any content on the Website without receiving the prior written approval of Franchisor.

Franchisee acknowledges and understands that the registration for the Website domain name is and shall be maintained exclusively in the name of Franchisor or its designee. Franchisee acknowledges Franchisor's or its designee's exclusive right, title and interest in and to the domain name for the Website and further acknowledges that nothing herein shall give it any right, title or interest in such domain name. Franchisee will assist Franchisor in preserving and protecting Franchisor's or its designee's rights in and to the Website domain name.

Franchisee further acknowledges and agrees that Franchisor may, at any time in its sole discretion, cease to make the Website available to the public or the Email Addresses available to Franchisee. Franchisee agrees that Franchisor shall have no liability for failing to make the Website available to the public or the Email Addresses available to Franchisee.

ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE, AND THE EMAIL ADDRESSES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFIT OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR EMAIL ADDRESSES. Upon the termination or expiration of this Agreement for any reason or Franchisee's default under this Agreement for any reason, all right of Franchisee to use the Email Addresses shall immediately cease, and Franchisor may cease to make the Email Addresses available to Franchisee.

Other than in connection with the Website and the Email Addresses, Franchisee shall be strictly prohibited from using the Marks in any fashion over the Internet, on any website, including any social and/or networking websites, including, but not limited to, Facebook, LinkedIn, Snapchat, Instagram and Twitter, or through other forms of electronic or digital media, without Franchisor's prior written consent. Any such use must be in compliance with any policies issued by Franchisor relating to advertising, promotion, marketing and social media, as such may be amended, modified and/or expanded by Franchisor at any time in its sole discretion. Franchisee will not violate Franchisor's privacy policies as posted on any Website or other location.

**10.06 Franchisee Advisory Councils**. If Franchisor should, prior to or during the term of this Agreement, form or require the formation of a franchisee advisory council or association (the "Advisory Council") or such successor council to serve as an advisory council to Franchisor with respect to advertising,

marketing, and other matters relating to the System, Franchisee may be required to become a member of the Advisory Council. In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing.

## **11. RECORDS.**

**11.01 Bookkeeping and Recordkeeping.** Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Franchisor, relating, without limitation, to the use and retention of invoices, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals and general ledgers. In establishing and maintaining Franchisee's bookkeeping and recordkeeping system, Franchisee shall use all form documents established by Franchisor in the Operations Manual or otherwise. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Facial Bar, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor.

**11.02 Periodic Reports.** Franchisee must provide Franchisor with those financial reports, data, information and supporting records required thereby from time to time, including, without limitation:

(a) A statement of relevant Gross Sales in the form required by Franchisor to be delivered as directed by Franchisor in advance of each payment of the Royalty Fee, Marketing Contribution, and other payments required to be made to Franchisor;

(b) A monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee's Facial Bar for the prior month and fiscal year to date, all of which shall be certified by Franchisee as true and correct and delivered to Franchisor no later than the 5th day of each month;

(c) Annual financial statements compiled or reviewed by an independent certified public accountant in a form satisfactory to Franchisor, which shall include a statement of income and retained earnings, a statement of cash flows and a balance sheet of Franchisee for each fiscal year, to be delivered to Franchisor no later than the 90<sup>th</sup> day after the end of such fiscal year;

(d) An annual copy of Franchisee's signed tax filings (including all supporting schedules) as filed with the Internal Revenue Service (or any forms which take the place of those forms), and all other federal, state and local sales and use and income tax reports Franchisee is required to file, all to be delivered within thirty (30) days after filing;

(e) A statement of local marketing expenditures made pursuant to Section 10.03 for fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within ten (10) days after the end of each calendar month;

(f) Insurance certificates in connection with Franchisee's annual renewal of the policies;

(g) All health and safety inspection reports, to be delivered to Franchisor promptly upon receipt thereof by Franchisee; and

(h) Such other information as Franchisor may require from time to time, including product sales mix and labor reports, within thirty (30) days of Franchisor's request.

All such reports or other information shall be prepared (i) using any form documents established by Franchisor as set forth in the Operations Manual or otherwise, if available, and (ii) in accordance with the generally accepted accounting principles of state in which the Facial Bar is located, to the extent applicable. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to \$200.

## **12. INSPECTIONS OF THE FACIAL BAR; AUDITS.**

Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify Gross Sales that Franchisee reports as well as to verify Franchisee's advertising expenditures required under this Agreement and any other matters relating to this Agreement or the operation of the Facial Bar. Franchisor may require Franchisee to submit to Franchisor, or Franchisor's representatives, copies of Franchisee's books and records for any offsite inspection that Franchisor or Franchisor's representatives conduct to audit the Facial Bar. If an inspection reveals that Gross Sales of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amount of Royalty Fee, Marketing Contribution, and other amounts required to be paid to the Franchisor overdue, unreported or understated, together with interest as prescribed above. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the total amount owed by Franchisee to Franchisor during the applicable audit period of two percent (2%) or more, or if the audit is required because Franchisee failed to comply with Franchisor's reporting requirements, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees, travel expenses, room and board and compensation of Franchisor's employees.

## **13. TRANSFER OF INTEREST.**

**13.01 Franchisor's Approval.** The rights and duties created by this Agreement are personal to Franchisee or, if Franchisee is an Entity, its Owners. Accordingly, neither Franchisee nor any of its Owners may Transfer the Facial Bar, the Premises, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Facial Bar, the Premises, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior written consent of Franchisor. In addition, if Franchisee is an Entity, its Owners may not Transfer their equity interests in such Entity, without the prior written consent of Franchisor. Furthermore, in the event that any Owner is an Entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Owner, may not be Transferred, without the prior written consent of Franchisor. Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 13.02 have been satisfied. Any Transfer in violation of this Section shall be void and of no force and effect.

**13.02 Conditions for Approval.** If Franchisor has not exercised its right of first refusal under Section 13.05, Franchisor will not unreasonably withhold its approval of a Transfer that meets all of the reasonable restrictions, requirements and conditions Franchisor may impose on the Transfer, the transferor(s) and/or the transferee(s), including the following:

(a) Franchisee and its Owners and Affiliates must be in compliance with the provisions of this Agreement and all other agreements with Franchisor or any of its Affiliates and have paid all outstanding amounts owed thereto, as well as to the approved suppliers to the System;

(b) The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the

transferee (or, if the transferee is other than an individual, such owners of beneficial interests in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible, and business standards, good moral character, business reputation, and credit rating); has the aptitude and ability to operate the Facial Bar and absence of conflicting interests; and has adequate financial resources and capital to operate the Facial Bar;

(c) The proposed transferee must enter into an agreement in writing to assume and perform all of Franchisee's duties and obligations hereunder and/or, as required by Franchisor, execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the Facial Bar franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees;

(d) The transferee (and, if the transferee is not an individual, the Operating Partner), shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators upon such terms and conditions as Franchisor may reasonably require;

(e) Franchisee or the proposed transferee must pay Franchisor a transfer fee equal to the greater of (i) Ten Thousand Dollars (\$10,000), or (ii) reimbursement for all legal, accounting, training and other expenses incurred by Franchisor in connection with the Transfer;

(f) Franchisee and its Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, stockholders, officers, directors, employees, agents, successors and assigns;

(g) The transferee of an Owner shall be designated as an Owner and each transferee who is designated an Owner shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as an Owner under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

(h) If Franchisee (or any of its Owners or Affiliates) finances any part of the sale price of the transferred interest, Franchisee and/or such Owners or Affiliates must agree that all obligations of the transferee, and security interests reserved by any of them in the assets transferred, will be subordinate to the transferee's obligations to pay all amounts due Franchisor and its Affiliates; and

(i) If so requested by Franchisor, Franchisee, at its expense, shall upgrade the Facial Bar and all equipment of the Facial Bar to conform to the then-current standards, specifications and requirements of new Face Foundrié Facial Bars then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor; and

(j) The transferor shall remain liable for all of the obligations to Franchisor in connection with the Facial Bar that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

**13.03 Special Transfers.** Neither Section 13.05 nor Section 13.02(c) shall apply to any Transfer to an Entity formed solely for the convenience of ownership, or among any of Franchisee's then-current Owners.

**13.04 Death or Disability of Franchisee.** Upon Franchisee's death or permanent disability, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in Franchisee, the executor, administrator or other personal representative of such person shall transfer his or her interest in this



Agreement or his or her interest in Franchisee to a third party approved by Franchisor in accordance with all of the applicable provisions of Section 13 within a reasonable period of time, not to exceed six (6) months from the date of death or permanent disability.

**13.05 Franchisor's Right of First Refusal.** If Franchisee or any of its Owners desire to consummate a Transfer, Franchisee or such Owner must obtain a *bona fide*, executed written offer from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from Franchisee or any of its Owners or Affiliates (other than rights with respect to other Face Foundrié Facial Bars or an ownership interest therein) as part of the *bona fide* offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to Franchisor, but which will not be part of this right of first refusal.

Franchisor has the option, exercisable by notice delivered to Franchisee or its Owners, as applicable, within thirty (30) days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit shall be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than ninety (90) days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the Facial Bar, assets and liabilities and all other matters it deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the transaction triggering the right of first refusal. Franchisor may conduct such investigation and analysis in any manner it deems reasonably appropriate, and Franchisee and its Owners must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities as are customary for a transaction of this type. If Franchisor does not exercise its option to purchase, Franchisee or its Owners, as applicable, may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the Transfer as provided in Sections 13.01 and 13.02, provided that if the sale to such offeror is not completed within ninety (90) days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee or such Owners, as applicable, must promptly notify Franchisor, which will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30)-day period following such notification of the expiration of the ninety (90)-day period or the material change to the terms of the offer.

**13.06 Intentionally Omitted.**

**13.07 Transfer by Franchisor.** This Agreement may be unilaterally assigned by Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the System to a third-party; may go public; may engage in private placement of some or all of its securities; may merge, acquire other Entities, or be acquired by another Entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Face Foundrié Facial Bars operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to the Facial Bar. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Franchisor under this Agreement.

#### **14. TERMINATION OF AGREEMENT.**

**14.01 Termination by Franchisee.** Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within ninety (90) days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature that cannot reasonably be cured within such ninety (90) day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional sixty (60) day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

**14.02 Termination by Franchisor without a Cure Period.** Franchisor may immediately terminate this Agreement upon written notice to Franchisee, without opportunity to cure, if:

(a) Franchisee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(b) Franchisee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(c) Franchisee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within sixty (60) days thereafter;

(d) Franchisee makes a general assignment for the benefit of its creditors;

(e) Franchisee fails to pay when due any amount owed to Franchisor or its Affiliates, whether under this Agreement or not, and Franchisee does not correct such failure within five (5) days after written notice thereof is delivered to Franchisee;

(f) Franchisee fails to pay when due any amount owed to any creditor, lessor, supplier or vendor of the Facial Bar or the Premises or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Franchisee does not correct such failure within five (5) days after written notice is delivered thereof to Franchisee;

(g) Franchisee and the Operating Partner fail to complete the initial training program at least sixty (60) days prior to the required opening date to Franchisor's satisfaction, in its sole discretion, except for any delay that is agreed to in writing by Franchisor, in its sole discretion;

(h) Franchisee fails to commence operation of the Facial Bar at the Premises within nine (9) months after execution of this Agreement, except for any delay that is agreed to in writing by Franchisor, in its sole discretion;

(i) Following commencement of the operation of the Facial Bar, Franchisee abandons the Facial Bar, or ceases to operate the Facial Bar for more than two (2) consecutive days, or five (5) individual days in any twelve (12) month period, without Franchisor's prior written consent;

(j) Franchisee or any of the Owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the System and the goodwill associated with the Marks;

(k) Franchisee operates the Facial Bar in a manner that presents a health or safety hazard to Franchisee's customers, employees or the public;

(l) Franchisee makes a material misrepresentation to Franchisor before or after being granted the franchise or knowingly maintains false books and records;

(m) Franchisee, any Owner or any other Person makes an unauthorized Transfer of this Agreement, the franchise, the Facial Bar or an ownership interest in Franchisee or Franchisee's Owners;

(n) Franchisee or any Restricted Party breaches or fails to comply fully with Section 7 above;

(o) Franchisee (i) misuses or makes an unauthorized use of or misappropriates any Mark, (ii) commits any act which can be reasonably expected to materially impair the goodwill associated with any Mark, (iii) challenges Franchisor's ownership of any Mark or (iv) files a lawsuit involving any Mark without Franchisor's consent;

(p) The franchised business, the Facial Bar or the Premises is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedes or other appeal bond has been filed), or a levy of execution has been made upon the license granted by this Agreement or any property used in the franchised business or the Facial Bar, and it is not discharged within five (5) days of such levy;

(q) Franchisee fails to comply with all applicable laws and ordinances relating to the Facial Bar, including Anti-Terrorism Laws, or if Franchisee's or any of its Owner's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its Owners otherwise violate any such law, ordinance, or regulation

(r) Franchisee fails to comply with any law or regulation, or obtain required permit or license, within fifteen (15) days after notice;

(s) Franchisee underreports any of Gross Sales during any period by more than five percent (5%), or by more than two percent (2%) three (3) or more times within any eighteen (18) month period;

(t) Franchisee, after curing a default pursuant to the terms of this Agreement, commits the same default again in any twelve (12) month period, whether or not cured after notice;

(u) Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits subsection (t) above); or

(v) Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

**14.03 Termination by Franchisor with a Cure Period.** In addition to, and without limiting, the termination rights of Franchisor pursuant to Section 14.02 above, after any other default by Franchisee, Franchisor may give written notice of default stating the nature of the default to Franchisee. If any such default

is not cured within thirty (30) days, or such longer period as applicable law may require, Franchisor shall have the right to terminate this Agreement upon notice to Franchisee, including without limitation, with respect to the following defaults:

- (a) Failure or refusal to submit financial statements, reports or other operating data, information or supporting records to Franchisor when due;
- (b) Failure attend or require personnel to attend any required training programs;
- (c) Failure to provide or maintain required insurance coverage; or
- (d) Failure to comply with any other provision of this Agreement, the Operations Manual or any mandatory specification, standard or operating procedure prescribed by Franchisor.

Any default by Franchisee (or any Affiliate of Franchisee) under any other agreement, including, but not limited to any lease and/or sublease, between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee) which continues past any applicable cure period may be regarded by Franchisor as a default under this Agreement. Any default by Franchisee under any real estate lease or loan agreement (whether with Franchisor or any third party) which continues past any applicable cure period may be regarded by Franchisor as a default under this Agreement. In each of the foregoing cases, Franchisor will have all remedies allowed at law, including termination of Franchisee's rights and Franchisor's obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

#### **14.04 Right of Franchisor to Discontinue Services to Franchisee.**

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of default or termination pursuant to this Section 14, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an approved supplier to Franchisee, until such time as Franchisee corrects the breach.

#### **14.05 Franchisor's Cure Right.**

If Franchisee breaches any provision of this Agreement, Franchisor shall have the right, but not the obligation, to take such action as Franchisor deems appropriate to cure the breach. Franchisee shall reimburse Franchisor on demand for all costs and expenses incurred by Franchisor in connection with such cure or attempt to cure.

### **15. RENEWAL RIGHTS.**

**15.01 Right To Acquire a Successor Franchise.** Franchisee has the right, subject to the conditions contained in this Section 15, to acquire a successor franchise for the Facial Bar for one (1) additional ten (10) year term on the terms and conditions of the then-current form of franchise agreement for Face Foundrié Facial Bars, if upon expiration of the applicable Term: (a) Franchisee and its Owners and Affiliates are in compliance with this Agreement and any other agreements with Franchisor or any of its Affiliates, and Franchisee and its Owners have been in substantial compliance with this Agreement throughout the Term; (b) Franchisor has not notified Franchisee of its decision that any federal or applicable state legislation, regulation or rule, which is enacted, promulgated or amended after the date hereof, may have an adverse effect on Franchisor's rights, remedies or discretion in franchising Face Foundrié Facial Bars such that it creates an unreasonable or overly burdensome requirement on Franchisor's ability to continue to offer franchises in such location; and (c) the following additional conditions have been met: (i) Franchisee maintains the right to possession of the Premises for the term of the successor franchise agreement; (ii) Franchisee maintains all

permits and licenses necessary to operate the Facial Bar; (iii) Franchisee is current in all obligations to Franchisor and its Affiliates, and System lessors, vendors and suppliers; and (iv) if required by Franchisor, Franchisee enters into an agreement with Franchisor whereby Franchisee agrees within a specified time period (not to exceed six (6) months), to send required personnel, at Franchisee's expense, to such training programs established and required by Franchisor. Upon the exercise of the right to acquire a successor franchise, Franchisee shall pay to Franchisor at the time of renewal a renewal fee equal to 25% of the then current initial franchise fee.

Franchisee's acquisition of a successor franchise is further conditioned on Franchisee refurbishing the premises of the Facial Bar at Franchisee's expense to conform the Facial Bar to the then-current image for new Face Foundrié Facial Bars, including, without limitation, with respect to trade dress, color schemes and presentation of the Marks ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. Refurbishments are intended to be large-scale re-equipping, refurbishing and remodeling of the Facial Bar, and nothing contained in this Section 15.01 will limit Franchisee's other obligations under this Agreement or the Operations Manual.

**15.02 Notices.** Franchisee must give Franchisor written notice of its desire to acquire a successor franchise not less than six (6) months nor more than nine (9) months prior to the expiration of this Agreement. Notwithstanding any notice or communication of Franchisor to Franchisee that Franchisee has the right to acquire a successor franchise for the Facial Bar, Franchisee's right will be subject to its continued compliance with all the provisions of this Agreement up to the date of its expiration. The written notice must include a plan to Franchisor outlining the Refurbishments that Franchisee plans to undertake prior to the expiration of this Agreement. Each such plan must be approved by Franchisor prior to Franchisee commencing any Refurbishments.

**15.03 Agreements.** If Franchisee has the right to acquire a successor franchise in accordance with Section 15.01 and states its desire to exercise that right in accordance with Section 15.02, Franchisor and Franchisee (and its Owners) will execute the form of franchise agreement (which may contain provisions, including royalty fees, materially different from those contained herein) and all ancillary agreements (including, personal guarantees by Franchisee's Owners on such terms as Franchisor determines to be appropriate) which Franchisor then customarily uses in granting franchises for the operation of Face Foundrié Facial Bars (collectively, the "**New Agreements**"), and Franchisee and its Owners must execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor, and its Affiliates, officers, directors, managers, employees, agents, successors and assigns. Failure by Franchisee (and its Owners) to sign such agreements and releases within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to acquire a successor franchise for the Facial Bar.

**15.04 Expiration.** Any successor franchise shall be conditioned upon the satisfaction of the conditions set forth above in this Section. Upon the expiration of the Term, any renewal term will be governed by the New Agreements. If Franchisee fails to meet any of the conditions set forth this section 15, the franchise granted to Franchisee hereunder shall automatically expire at the end of the Term.

## **16. EFFECT OF TERMINATION OR EXPIRATION.**

**16.01 Payment of Amounts Owed.** Within ten (10) days after the effective date of termination or expiration (without Franchisee's successful exercise of the right to acquire a successor franchise) of this Agreement, Franchisee must pay Franchisor and its Affiliates all amounts owed thereto, including, without limitation, unpaid Royalty Fees, Marketing Contributions, Technology Fees, amounts owed for purchases from Franchisor or its Affiliates, and all other amounts due to Franchisor or its Affiliates and interest and late fees due on any of the foregoing. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination.

**16.02 Discontinue Use of Marks and Confidential Information.** Upon the termination or expiration (without Franchisee's successful exercise of the right to acquire a successor franchise) of this Agreement, Franchisee and its Owners will:

(a) Promptly, and in no event more than three (3) days after the termination or expiration of this Agreement, provide to Franchisor any and all information Franchisor requests regarding events, products or services to be provided by Franchisee or the Facial Bar after the date of expiration or termination, and at Franchisor's option, Franchisee will either (i) pay to Franchisor any amounts it has received from customers for events or products or services to be provided after the date of termination or expiration, and assign to Franchisor or its designee any contracts or related agreements to such events, products or services, or (ii) return such amounts to customers directly as well as any termination fees or penalties under such contracts. Nothing herein will obligate Franchisor to take assignment of any obligations of Franchisee under any such contracts or relieve Franchisee of any liability for its obligations to customers or third parties after the termination or expiration of this Agreement;

(b) promptly return to Franchisor all material furnished by Franchisor containing proprietary or confidential information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual;

(c) discontinue all use of the Marks, including at the Premises and on the vehicle, and the use of any and all signs, products, equipment and other items bearing the Marks. Any signs containing the Marks that Franchisee is unable to remove within one (1) day of the termination or expiration of this Agreement shall be completely covered by Franchisee until the time of their removal, which shall be in any event within ten (10) days following the expiration or termination of this Agreement;

(d) at the option of Franchisor, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises if Franchisee leases a location for the Facial Bar. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee must, at Franchisee's expense, make such reasonable modifications to the exterior and interior décor of the Facial Bar and the Premises, and with respect to any vehicles, as Franchisor requires to eliminate its identification as a Face Foundrié Facial Bar. If Franchisee fails to modify the exterior and interior décor of the Facial Bar, the Premises, and vehicles, as Franchisor requires to eliminate its identification as a Face Foundrié Facial Bar, Franchisor may take such action to modify the exterior and interior décor of the Facial Bar and the Premises and charge Franchisee for the cost of such action. Franchisee shall immediately pay Franchisor for the cost of any action taken by Franchisor to modify the exterior and interior décor of the Facial Bar and the Premises;

(e) refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Franchisee is connected in any way with Franchisor or that Franchisee has the right to use the System or the Marks, and Franchisee, shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former operator of Franchisor in connection with the promotion or operation of any other business;

(f) refrain from making use of or availing itself to any of the Confidential Information, Operations Manual, any confidential methods, procedures, and techniques associated with the System, and other information received from Franchisor or disclosing or revealing any of the same in violation of Section 7 hereof;

(g) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark;

(h) discontinue all use of the Email Addresses, and any and all online and social media listings and accounts;

(i) assign to Franchisor or its designee all of Franchisee's rights, title, and interest in and to the telephone numbers, telephone directory listings and advertisements, website URLs, social media accounts, e-mail addresses, store leases and governmental licenses or permits used for the operation of the Facial Bar. Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names, websites, addresses, and any other identifiers to Franchisor upon termination of this Agreement, without need for any further approval from Franchisee. Without limiting the foregoing, Franchisee hereby agrees to execute a Telephone Number Assignment and Power of Attorney form attached to this Agreement as Exhibit F in order to implement this section; and

(j) strictly comply with the terms and conditions of Section 7 above and any other procedures in the Operations Manual that are established by Franchisor related to discontinuing operations of the Facial Bar.

**16.03 Option to Purchase the Facial Bar.** Upon termination or expiration (without Franchisee's successful exercise of the right to acquire a successor franchise) of this Agreement, Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Facial Bar with respect to which this Agreement is terminated or expires in part, at the lesser of (i) Franchisee's cost or (ii) fair market value. The cost for such items shall be determined based upon a five-year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

**16.04 Continuing Obligations.** The expiration and termination of this Agreement will be without prejudice to the rights of Franchisor against Franchisee. All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

**16.05 Liquidated Damages.** Upon termination of this Agreement by reason of a default by Franchisee, Franchisee agrees to pay to Franchisor within ten (10) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees, Marketing Contributions, Technology Fees, and other amounts Franchisee paid or owed to Franchisor for the Facial Bar during the 12 months of operation preceding the effective date of termination (provided that if the Facial Bar was not open during this entire 12-month period, Franchisor may use the average amount of such fees paid to Franchisor by franchisees in the System during such time period, or the Minimum Royalty, whichever is greater), multiplied by the lower of (a) 36 (being the number of months in three full years), or (b) the number of months remaining in the Term of this Agreement had it not been terminated.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to Franchisor's reputation with

the public and landlords and damages arising from a violation of any provision of this Agreement. Franchisee and each of its Owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the sections requiring payment of Royalty Fees, Marketing Contributions, and Technology Fees.

## **17. RELATIONSHIP OF THE PARTIES.**

### **17.01 Independent Contractors.**

(a) Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. Franchisor and Franchisee, as between themselves, are and shall be independent contractors. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, joint employer, partner or employee of the other for any purpose whatsoever. Franchisee must conspicuously identify itself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of the Facial Bar and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as Franchisor may require from time to time. Franchisee may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in Franchisor's name or on Franchisor's behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. Franchisor will not be obligated by or have any liability under any agreements made by Franchisee with any third party or for any representations made by Franchisee to any third party. Franchisor will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of Franchisee's Facial Bar hereunder.

(b) If applicable law shall imply a covenant of good faith and fair dealing in this Agreement, the parties hereto agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such covenant, the parties acknowledge and agree that (i) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; (ii) Franchisor will use its judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests of the owners of Face Foundrié Facial Bars generally (including Franchisor's Affiliates and other franchisees and licensees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner so long as such discretion is not exercised in bad faith toward Franchisee; and (iv) in the absence of such bad faith, no trier of fact in any legal action or arbitration proceeding shall substitute its judgment for Franchisor's judgment so exercised.

(c) During the Term, Franchisee agrees as follows:

(i) Franchisee has no authority to employ or engage persons on behalf of Franchisor, and NO EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS OF FRANCHISEE SHALL BE DEEMED TO BE EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS OF FRANCHISOR, EACH OF WHICH SHALL AT ALL TIMES REMAIN FRANCHISEE'S EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS, AS APPLICABLE. SUBJECT TO THE TERMS OF THIS AGREEMENT, FRANCHISEE HAS SOLE AND EXCLUSIVE CONTROL OVER ITS LABOR AND EMPLOYEE RELATIONS POLICIES, AND ITS POLICIES RELATING TO WAGES, HOURS, SCHEDULING AND WORKING CONDITIONS OF ITS EMPLOYEES. FRANCHISEE HAS THE SOLE AND EXCLUSIVE RIGHT TO HIRE, TRANSFER, SUSPEND, LAY OFF, RECALL, PROMOTE,



ASSIGN, DISCIPLINE AND DISCHARGE ITS EMPLOYEES AND TO RESPOND TO EMPLOYEE GRIEVANCES.

(ii) Franchisee is solely responsible for all salaries and other compensation of all its employees and will make all necessary salary deductions and withholdings from its employees' salaries and other compensation, and is solely responsible for the payment of any and all contributions, taxes and assessments and all other requirements of the Federal Social Security Administration, Federal and state unemployment compensation laws, Federal, state and local withholding of income tax laws on all salary and other compensation of its employees and any other laws affecting the income or withholdings of employees' wages.

(iii) Franchisee will comply (and will cause its employees to comply) with all other Federal, state or local laws, ordinances, rules, or regulations regarding its employees, including, but not limited to, Federal or state laws or regulations regarding minimum compensation, overtime and equal opportunity for employment, the Federal Civil Rights Acts, Age Discrimination in Employment Act, the Federal Fair Labor Standards Act, the Americans With Disabilities Act and the Family Leave Act.

**17.02 Indemnification.** Franchisee agrees to indemnify Franchisor, its Affiliates and its and their respective directors, managers, officers, employees, shareholders, members, agents, successors and assigns (collectively "Indemnitees"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all Losses and Expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with the development, ownership, operation or closing of the Facial Bar or Franchisee's breach of this Agreement, and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the Indemnitees or the gross negligence or willful acts of the Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to Franchisee). For purposes hereof "Losses and Expenses" includes obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnitees, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees. Franchisor agrees to give Franchisee reasonable notice of any event of which Franchisor becomes aware for which indemnification may be required. Franchisor has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement.

**17.03 Taxes.** Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Facial Bar. In no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant to occur against the Facial Bar, the Premises or any tangible personal property used in connection with the operation of the Facial Bar.

## **18. DISPUTE RESOLUTION.**

**18.01 Injunctive Relief and Attorneys' Fees.** Franchisor and Franchisee will each be entitled to seek the entry of temporary restraining orders and temporary and permanent injunctions to: (i) enforce Franchisee and Franchisor's ability to terminate this Agreement for the causes set forth in Section 16 of this Agreement; and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with Franchisee or Franchisor's business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. Franchisor and Franchisee will also be entitled to the entry of temporary restraining orders and

temporary and permanent injunctions enforcing these provisions. If Franchisor is successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against Franchisee, or in successfully defending any claim Franchisee has brought against Franchisor, Franchisee will pay Franchisor an amount equal to all of Franchisor's costs of prosecuting and defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses. Franchisor and Franchisee's respective rights to obtain injunctive or other equitable relief is in addition to any other right Franchisor or Franchisee may have under this Agreement. It will in no way limit or prohibit Franchisor from obtaining money damages from Franchisee if Franchisee breaches this Agreement.

**18.02 Mediation.** Except where it is necessary for either Franchisor or Franchisee to obtain equitable relief to preserve the goodwill of their respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), Franchisor and Franchisee each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between them, for a minimum of four (4) hours, before initiating any legal action or arbitration against the other. Upon written notice by either Franchisee to Franchisor, to the other, of Franchisee or Franchisor's desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 18.02 did not exist, or, at its option, make the selection of the organization to provide mediation services. If Franchisee or Franchisor selects an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to Franchisee and Franchisor. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If Franchisee and Franchisor cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both parties, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. Franchisor and Franchisee will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless Franchisor and Franchisee agree otherwise, the mediation will be held in a metropolitan area within twenty (20) miles of Franchisor's principal office.

Except for the matters identified above where Franchisor or Franchisee are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section), then upon petition of whichever of the parties has a lawsuit or arbitration proceeding brought against it, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award reasonable attorneys' fees and costs to the party seeking dismissal in an amount equal to the reasonable attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all reasonable attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section.

**18.03 Arbitration.** EXCEPT IN SO FAR AS FRANCHISOR OR FRANCHISEE SEEKS TO ENFORCE THIS AGREEMENT BY JUDICIAL PROCESS AND INJUNCTION AS PROVIDED HEREIN, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON FRANCHISEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND FRANCHISEE ARISING OUT OF OR RELATING TO (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (B) THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR OR (C) THE SCOPE AND

VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND FRANCHISEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION (“AAA”) AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR’S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA.

The arbitration proceedings will be conducted by one arbitrator and, except as this Section 18 otherwise provides, according to the AAA’s then current rules. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

The arbitrator appointed must have at least ten (10) years’ experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator will have no authority to add, delete, or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties before the start of the arbitration hearing, and the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 18.06 below, award any punitive, exemplary or multiple damages against either party (Franchisor and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 18.06 below, any right to or claim for any punitive, exemplary or multiple damages against the other). The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor’s affiliates, and Franchisor’s and their respective shareholders, officers, directors, managers, agents, and/or employees, and Franchisee (and/or Franchisee’s Owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Franchisor and Franchisee acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section. Unless this Agreement is terminated in accordance with the provisions herein, during the pendency of any arbitration proceeding, Franchisor and Franchisee will fully perform the requirements of this Agreement.

If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 18.01, the arbitrability of the claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the

other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

Franchisor and Franchisee agree that any claim arising out of this Agreement, whether for rescission or damages or any other type of remedy at law or in equity shall be brought in within the later of one (1) year from the date of the act or failure to act by any person or six (6) months from the date claimant knew or should have known of the act or failure to act by the party sought to be charged.

The provisions of this Section 18 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

**18.04 Jurisdiction and Venue.** For actions that are not subject to mandatory arbitration under Section 18.03, FRANCHISEE HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF THE FILING OF THE ACTION, AND AGREES NOT TO RAISE AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. Further, nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause irreparable harm.

**18.05 Waiver of Right to Jury Trial.** TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HERETO HEREBY WAIVE, AND COVENANT THAT THEY SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT, OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT.

**18.06 Damages and Timing of Claims.** The parties agree that neither party shall have the right to receive or collect punitive or exemplary damages from the other party. Franchisee, the Owners and the Restricted Parties agree that their sole recourse for claims arising between the parties shall be against Franchisor and its successors and assigns. Franchisee, the Owners and the Restricted Parties agree that the owners, directors, managers, officers, employees and agents of Franchisor and its Affiliates shall not be personally liable nor named as a party in any action between Franchisor and Franchisee and/or any Owner or Restricted Party.

## **19. MISCELLANEOUS.**

**19.01 Successors and Third-Party Beneficiaries.** This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors and assigns. Except as contemplated by Section 17.02, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party hereto. This Agreement is, however, intended to bind the Restricted Parties to the extent set forth in this Agreement.

**19.02 Construction.** All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the Persons named as Franchisee, if more than one (1) Person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse

any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

**19.03 Interpretation and Headings.** The parties agree that this Agreement should be interpreted according to its fair meaning. Franchisee waives to the fullest extent possible the application of any rule that would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

**19.04 Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), this Agreement will be governed by the laws of the State of Minnesota without regard to its conflicts of laws provisions. The parties agree, however, that if Franchisee is not a resident of Minnesota, and if the Facial Bar is not located in Minnesota, then they hereby waive the provisions of the Minnesota Franchise Act, Minnesota Statutes, Section 80C.01, et seq. and the regulations promulgated thereunder. If the Minnesota Franchise Act would not otherwise apply to the franchise relationship created hereby, but there is a statute in the state in which the business franchised hereunder is located that specifically governs relationships between franchisees and franchisors, then that particular law will apply in lieu of the Minnesota Franchise Act.

**19.05 Notices.** Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service, postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

**19.06 Costs and Attorneys' Fees.** If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses that Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

**19.07 Waiver.** No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default. However, Franchisee agrees that it will give Franchisor immediate written notice of any claimed breach or violation of this Agreement as soon as possible after it has knowledge, or determine, or are of the opinion, that there has been a breach or violation by Franchisor of this Agreement. If Franchisee fails to give written notice to us of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date it has knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating, that Franchisee may have a claim against Franchisor or against any of its affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by Franchisee, and Franchisee will be barred from beginning any legal, arbitration, or other action against Franchisor or against its affiliates, or from instituting any counterclaim against Franchisor or its affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action Franchisor may maintain against Franchisee.

**19.08 Severability.** If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all Persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any Person or circumstance is deemed invalid or unenforceable, the application of such term, restriction or covenant to other Persons and circumstances shall remain unaffected to the extent permitted by law.

**19.09 Force Majeure.** Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform any obligation results from: (a) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (b) acts of God; (c) fires, strikes, embargoes, wars or riots; (d) epidemic or pandemic; or (e) any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Franchisee to Franchisor hereunder.

**19.10 Delegation by Franchisor.** Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee hereby agrees to any such delegation.

**19.11 No Right of Set Off.** Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 18.03.

**19.12 Cumulative Rights.** The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled.

**19.13 Entire Agreement; Modification.** This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Facial Bar and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in Franchisor's franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative.

**19.14 Counterparts.** This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original, and all of which together constitute one and the same document.

**19.15 Time is of the Essence.** Franchisee understands that time is of the essence with respect to its obligations hereunder.

**19.16 Anti-Terrorism Laws.**

(a) Franchisee and the Owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Franchisee and the Owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Owners are

not otherwise in violation of any of the Anti-Terrorism Laws.

(b) “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States (“Executive Order 13224”), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(c) Franchisee and the Owners certify that none of them, their respective employees, agents, bankers, Affiliates or anyone associated with them is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the Internet at the following address: <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.)

(d) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee’s indemnification responsibilities set forth in Section 17.02 above of this Agreement pertain to Franchisee’s obligations under this Section 19.16.

(e) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee’s Owners, agents, bankers, employees and Affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or an Affiliate thereof, in accordance with Section 14.02 above.

**19.17 Timing.** Franchisee acknowledges that it has had a copy of Franchisor’s franchise disclosure document for at least fourteen (14) calendar days before signing this Agreement or any franchise or related agreement; or at least fourteen (14) calendar days before the payment of any consideration to Franchisor. Franchisee has had the opportunity to have this Agreement and the Facial Bar offered hereunder reviewed by professionals of Franchisee’s choosing before executing this Agreement.

**19.18 Disavowal of Oral Representations.** Franchisor and Franchisee acknowledge that each party desires all terms of their franchise relationship to be defined in this written agreement, and that neither party desires to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, Franchisor and Franchisee agree that this Agreement will supersede and cancel any prior and contemporaneous discussions between them. Franchisor and Franchisee each agree that each party has placed, and will place, no reliance on any discussions. Franchisee agree that no representations have been made to it about this Agreement, the Facial Bar, or the System other than as contained in this Agreement and in the franchise disclosure document received before Franchisee signed this Agreement. Franchisee agrees that no claims, representations, or warranties of earnings, sales, profits, or success of the Facial Bar have been made to Franchisee.

**19.19 No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

**FRANCHISOR:**

FACE FONDRIÉ FRANCHISING L.L.C.,  
a Minnesota limited liability company

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

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

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

**FRANCHISEE:**

If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership, limited  
liability company or other legal entity)

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

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

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

If Individual(s):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

[SIGNATURE PAGE TO FACE FONDRIÉ FRANCHISING L.L.C. FRANCHISE AGREEMENT]



**FACE FOUNDRIÉ FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT A**  
**DATA SHEET**

1. The approved location (Premises) of the Facial Bar shall be:

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If no approved location has been determined at the time this Franchise Agreement is executed, then the Premises will be within the following area, provided the exact location will be subject to Franchisor's review and approval, and Franchisee authorizes Franchisor to define the Protected Territory and complete this Exhibit A upon Franchisor's approval of a location:

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2. The Protected Territory shall be (subject to the terms of the Agreement, including but not limited to Section 2.03 of the Agreement) as follows, and which Protected Territory is reflected on the map attached to this Exhibit A:

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3. The initial Franchise Fee shall be \$\_\_\_\_\_ (See Section 6.01).

**FACE FOUNDRIÉ FRANCHISING L.L.C.**

Initial: \_\_\_\_\_

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

**FRANCHISEE**

Initial: \_\_\_\_\_

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

**FACE FOUNDRIÉ FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT B**  
**LIST OF PRINCIPALS AND OPERATING PARTNER**

**FRANCHISEE'S PRINCIPALS**

The following identifies all of Franchisee's Owners, including each Owner's address and percentage of beneficial interest in Franchisee:

| <b>Name of Principal</b> | <b>Address, Telephone, Email</b> | <b>Interest (%) with Description</b> |
|--------------------------|----------------------------------|--------------------------------------|
|                          |                                  |                                      |
|                          |                                  |                                      |
|                          |                                  |                                      |
|                          |                                  | <b>Total %:</b>                      |

**FRANCHISEE'S OPERATING PARTNER**

The following identifies Franchisee's Operating Partner, including his/her contact information and percentage of beneficial interest in Franchisee:

| <b>Name of Operating Partner</b> | <b>Address, Telephone, Email</b> | <b>Interest (%) with Description</b> |
|----------------------------------|----------------------------------|--------------------------------------|
|                                  |                                  |                                      |

**FACE FOUNDRIÉ FRANCHISING L.L.C.**

Initial: \_\_\_\_\_

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

**FRANCHISEE**

Initial: \_\_\_\_\_

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

**FACE FONDRIÉ FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT C**  
**GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to Face Foundrié Franchising L.L.C. (“**Franchisor**”) to enter into the Franchise Agreement between Franchisor and \_\_\_\_\_ (“**Franchisee**”), dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor’s successors and assigns that all of Franchisee’s covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guaranty, Indemnification, and Acknowledgment (this “**Guaranty**”) is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned hereby agrees to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned hereby waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 7, 11, 13, 14, 18, and 19. Signature by the undersigned on this Guaranty constitutes the undersigned’s signature on the Agreement related to all covenants. The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Franchisee by Franchisor under the Agreement. The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the “Face Foundrié” marks or system licensed to Franchisee under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors, if any, will continue in full force and effect.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term “undersigned” shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guaranty shall be governed by the dispute resolution provisions of the Agreement, and shall be interpreted and construed under the laws of the State of Minnesota. In the event of any conflict of law, the laws of the State of Minnesota shall prevail (without regard to, and without giving effect to, the application of Minnesota conflict of law rules).

**IN WITNESS WHEREOF**, the undersigned has executed this Guaranty, Indemnification and Acknowledgment as of the date of the Agreement.

**GUARANTOR(S):**

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

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

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

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

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

**FACE FOUNDRIÉ FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT D**  
**ELECTRONIC FUNDS WITHDRAWAL AND CREDIT CARD AUTHORIZATION**  
**EFT AUTHORIZATION**

**Bank**  
**Name:** \_\_\_\_\_

**ABA Routing Number:** \_\_\_\_\_

**Account Number:** \_\_\_\_\_

**Account Name:** \_\_\_\_\_

Effective as of the date of the signature below, \_\_\_\_\_ hereby authorizes Face Foundrié Franchising L.L.C. (the “**Franchisor**”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under the Franchise Agreement for the franchise located at \_\_\_\_\_: 1.) all Royalty Fees, 2.) all Marketing Contributions, 3.) all Technology Fees, 4.) all other fees due under the Franchise Agreement executed by Franchisee and Franchisor, and 5.) all other fees or charges due from Franchisee to Franchisor or any of Franchisor’s affiliates under any other agreement. These withdrawals will occur on a monthly basis, or on another schedule as Franchisor specifies in writing. Franchisor is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Franchisor. Franchisee will provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:**

**FRANCHISEE:**

**Signed:** \_\_\_\_\_

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

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

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

**Please Attach Actual VOIDED CHECK**

### CREDIT CARD AUTHORIZATION

| Credit Card Information                                       |                                      |                               |                                                                 |
|---------------------------------------------------------------|--------------------------------------|-------------------------------|-----------------------------------------------------------------|
| Card Type:                                                    | <input type="checkbox"/> MasterCard  | <input type="checkbox"/> VISA | <input type="checkbox"/> Discover <input type="checkbox"/> AMEX |
|                                                               | <input type="checkbox"/> Other _____ |                               |                                                                 |
| Cardholder Name (as shown on card): _____                     |                                      |                               |                                                                 |
| Card Number: _____                                            |                                      |                               |                                                                 |
| Expiration Date (mm/yy): _____                                |                                      |                               |                                                                 |
| Security Code: _____                                          |                                      |                               |                                                                 |
| Cardholder ZIP Code (from credit card billing address): _____ |                                      |                               |                                                                 |

Franchisee hereby authorizes Franchisor to charge the above-referenced card all amounts due to Franchisor or its affiliates pursuant to the Franchise Agreement and any other agreement between Franchisee and its affiliates and Franchisor. This authorization remains in full force and effect until sixty (60) days after the Franchisor has received written notification from the Franchisee of its termination. Franchisee understands that its information will be saved to file for all transactions.

Signature of Authorized Signer: \_\_\_\_\_

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

**FACE FONDRIÉ FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT E**  
**PERSONAL COVENANTS**

These Personal Covenants are being made and executed in connection with that certain FRANCHISE AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), by and between FACE FONDRIÉ FRANCHISING L.L.C. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”). All capitalized terms used but not defined in these Personal Covenants shall have the meanings set forth in the Franchise Agreement.

Each of the undersigned hereby agrees that:

1. He or she is a Restricted Party.
2. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits the undersigned will derive from the Franchise Agreement, the undersigned acknowledges and agrees that: (a) he or she has read and understood Sections 7.01, 7.02, 7.03, 7.06, 13.05, 14.02 and 18.06 of the Franchise Agreement in their entirety; (b) he or she is and shall be personally bound by all of the obligations and covenants of Franchisee contained in such Sections as if such obligations and covenants were made and given personally thereby directly to Franchisor; and (c) such covenants and restrictions are reasonable, appropriate and necessary to protect the System, other Face Foundrié Facial Bars and the legitimate interest of Franchisor and do not cause undue hardship on the undersigned.
3. If any sentence, clause, paragraph, or combination of any of them in Sections 7.01, 7.02, 7.03, 7.06, 13.05, 14.02 and 18.06 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to the undersigned, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 7.01, 7.02, 7.03, 7.06, 13.05, 14.02 and 18.06 of the Franchise Agreement shall remain in full force and effect.
4. These Personal Covenants shall be governed by the internal laws of the State of Minnesota, unless the law of another jurisdiction applies as provided for in Section 19.04 of the Franchise Agreement. These Personal Covenants may be enforced by Franchisor and its Affiliates in accordance with the terms of the Franchise Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

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

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

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

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

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

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

**FACE FOUNDRITÉ FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT F**  
**TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY**

**FOR VALUE RECEIVED**, the undersigned (“Franchisee”) irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Face Foundrié Franchising L.L.C. upon the following terms:

1. This assignment is made under the terms of the Face Foundrié Franchising L.L.C. Franchise Agreement dated \_\_\_\_\_, 20\_\_ authorizing Franchisee to operate a Face Foundrié Facial Bar (the “Franchise Agreement”) between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Facial Bar covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee’s limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor’s request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.

3. The telephone numbers, fax numbers, and affiliated listings subject to this assignment are: Main Telephone: \_\_\_\_\_, Facsimile: \_\_\_\_\_ and all numbers the Franchisee uses in the Facial Bar in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee’s place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor’s designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the Franchisee’s later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

*[Signature page follows.]*



**THE PARTIES** have caused this Telephone Number Assignment Agreement and Power of Attorney to be duly signed as evidenced by their signatures appearing below. Signed the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**

**FACE FONDRIÉ FRANCHISING. L.L.C.**

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

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

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

**FACE FONDRIÉ FRANCHISING L.L.C.  
FRANCHISE AGREEMENT  
EXHIBIT G  
LEASE RIDER**

## LEASE RIDER

TO LEASE AGREEMENT DATED \_\_\_\_\_  
BY AND BETWEEN

\_\_\_\_\_, AS "LANDLORD"  
AND

\_\_\_\_\_, AS "TENANT" FOR THE DEMISED  
PREMISES ("PREMISES") DESCRIBED THEREIN

---

This Lease Rider (this "Rider") and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "Lease"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate a Face Foundrié Facial Bar in the Premises and that Tenant's rights to operate a Face Foundrié Facial Bar and to use the Face Foundrié Facial Bar name, trademarks and service marks are solely pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Face Foundrié Franchising L.L.C. ("Franchisor"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (a) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (b) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, the Franchise Agreement or any other agreement between Franchisor and Tenant, and/or (c) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Use of Premises. The Premises may be used only for the purpose of operating a Facial Bar under the Face Foundrié Facial Bar name, with all uses required as part of the Face Foundrié system of operation.

3. Radius/Relocation. Any radius restrictions or relocation provisions found in the Lease are hereby deleted and of no further force or effect.

4. Tenant's Signage. Notwithstanding anything contained in the Lease to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

4.1. Landlord agrees to allow Tenant to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities.

4.2 Tenant shall be provided with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

5. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have ten (10) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) ten (10) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Face Foundrié Franchising L.L.C.  
Attention: Michele Henry  
6446 Flying Cloud Drive  
Eden Prairie, Minnesota 55344

6. Non-disturbance from Mortgage Lenders. Notwithstanding anything contained in the Lease to the contrary or in conflict, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to paragraph 5 immediately above).

7. Third-Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third-party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

8. Franchisor Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the Facial Bar). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of Tenant's Facial Bar as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Face Foundrié Facial Bar name or trademarks, service marks, or other commercial symbols of Franchisor.

9. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

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

**TENANT:** \_\_\_\_\_

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

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

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

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

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

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

**FACE FOUNDRIÉ FRANCHISING L.L.C.  
FRANCHISE AGREEMENT  
EXHIBIT H  
FRANCHISEE ACKNOWLEDGEMENT**

## FRANCHISEE ACKNOWLEDGEMENT

**THIS DOCUMENT SHALL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**DO NOT SIGN THE ACKNOWLEDGEMENT IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, MARYLAND.**

As you know, Face Foundrié Franchising L.L.C. (“we”, “us” or “our”) and you are entering into a Franchise Agreement for the operation of a Face Foundrié franchise. The purpose of this Franchisee Acknowledgement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. Please review each of the following questions carefully and provide honest responses to each question.

|        |       |                                                                                                                                                                                                                                                                                                                                                 |
|--------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yes___ | No___ | 1. Have you received and personally reviewed the Franchise Disclosure Document (“ <b>Disclosure Document</b> ”) we provided?                                                                                                                                                                                                                    |
| Yes___ | No___ | 2. Did you sign a receipt for the Disclosure Document indicating the date you received it, which was at least 14 calendar days before signing the Franchise Agreement?                                                                                                                                                                          |
| Yes___ | No___ | 3. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement?                                                                                                                                                                                                                                      |
| Yes___ | No___ | 4. Have you reviewed the Disclosure Document and the Franchise Agreement with a lawyer, accountant or other professional advisor?                                                                                                                                                                                                               |
| Yes___ | No___ | 5. Have you discussed the benefits and risks of developing and operating a Face Foundrié franchise with an existing Face Foundrié franchisee?                                                                                                                                                                                                   |
| Yes___ | No___ | 6. Do you understand the risks of developing and operating a Face Foundrié franchise?                                                                                                                                                                                                                                                           |
| Yes___ | No___ | 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? |
| Yes___ | No___ | 8. Do you understand we have only granted you a limited territorial protection against us locating another Facial Bar near your Facial Bar(s) as stated in your Franchise Agreement and that another Face Foundrié franchise, licensee or company-owned Facial Bar may open anywhere outside your limited protected territory.                  |
| Yes___ | No___ | 9. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of                                                                                                                                                                           |

|        |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |       | products under the Face Foundrie name or other mark, at any location, other than a Facial Bar at a traditional site within your limited protected territory, or by any method of distribution even within your limited protected territory, and these other Facial Bars or methods of distribution may compete with your Facial Bar(s) and adversely affect its sales?                                                                         |
| Yes___ | No___ | 10. Do you understand that the only radius restriction concerning where another franchised or company Facial Bar may open is the limited protected territory specified in your Franchise Agreement?                                                                                                                                                                                                                                            |
| Yes___ | No___ | 11. Do you understand that most disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in the federal and state courts located in the district of our principal executive office, or arbitrated at the office of the American Arbitration Association closest to the location of our principal executive office?                                                                              |
| Yes___ | No___ | 12. Do you understand that you or your Operating Partner must satisfactorily complete our initial training course before we will allow your Facial Bar to open?                                                                                                                                                                                                                                                                                |
| Yes___ | No___ | 13. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Face Foundrie franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?                                                                                                                                |
| Yes___ | No___ | 14. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in the Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?                                                          |
| Yes___ | No___ | 15. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue Face Foundrie franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? |
| Yes___ | No___ | 16. Do you understand that the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Facial Bar, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?                                                                                                                                                                                       |

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ACKNOWLEDGEMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

**NOTE: IF THE FRANCHISEE IS AN ENTITY, AN OFFICER AND EACH OWNER MUST EXECUTE THIS FRANCHISEE ACKNOWLEDGMENT.**



---

Signature of Franchise Applicant

---

Name (please print)

Dated\_\_\_\_\_

---

Signature of Franchise Applicant

---

Name (please print)

Dated\_\_\_\_\_

---

Signature of Franchise Applicant

---

Name (please print)

Dated\_\_\_\_\_

---

Signature of Franchise Applicant

---

Name (please print)

Dated\_\_\_\_\_

**FACE FOUNDRIE FRANCHISING L.L.C.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT I**  
**EMPLOYEE NON-DISCLOSURE AGREEMENT**

**THIS NON-DISCLOSURE AGREEMENT** (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“us” “we” “our” or the “**Franchisee**”), and \_\_\_\_\_, an employee of Franchisee (“you” or the “**Employee**”).

**Introduction**

Face Foundrie Franchising L.L.C. (the “**Franchisor**”) and its affiliates developed and own a format and system (the “**System**”) for establishing and operating a focused facial bar concept under the trademark “FACE FOUNDRIE”®, which offers efficient and effective services, including 20-to-50-minute facials, waxing, and skincare products, all delivered with high-end customer service (each is referred to as a “**Face Foundrie Facial Bar**”).

Franchisor and Franchisee have executed a Franchise Agreement (“**Franchise Agreement**”) granting Franchisee the right to operate a Face Foundrie Facial Bar (the “**Franchised Facial Bar**”) under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your employment with Franchisee, you will be trained by us and you will learn of Franchisor’s confidential information and know-how concerning the methods of operation of a Face Foundrie Facial Bar and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations:

1. **Confidential Information.** You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person.

2. **Definitions.** As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term “**Confidential Information**” means any information, knowledge, or know-how concerning the methods of operation of the Franchised Facial Bar and the System that you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not Franchisor or we have specifically designated that information as “confidential”). Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor; and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term “**Person**” means any person, persons, partnership, entity, association, or corporation (other than us or Franchisor).

3. **Covenants.**

a. You understand and acknowledge that due to your employment with us, you will receive valuable specialized training and access to Confidential Information.

b. You covenant and agree that during the term of your employment and for 18 months following the termination of your employment (for any reason), you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Divert or attempt to divert any current or former business account or customer of the Franchised Facial Bar (or of any Face Foundrie Facial Bar) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise; and/or
- ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System.

4. **Legal and Equitable Remedies.** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. We or Franchisor will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we or Franchisor may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse us or Franchisor for any court costs and reasonable attorney's fees that we or Franchisor incur as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. **Severability.** Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

6. **Delay.** No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

7. **Third-Party Beneficiary.** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us.

8. **Jurisdiction; Applicable Law.** You agree that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the courts of the county where Franchisor has its then current principal place of business, and you agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof, regardless of your residency at the time such lawsuit is filed. This Agreement shall be governed by the laws of the State of Minnesota. In the event of any conflict of law, the laws of Minnesota shall prevail, without regard to, and without giving effect to, the application of Minnesota conflict of law rules.

**IN WITNESS WHEREOF**, Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

**EMPLOYEE**

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

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

**FACE FONDRIÉ FRANCHISING L.L.C.  
FRANCHISE AGREEMENT  
EXHIBIT J  
STATE ADDENDA**

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1.     **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Facial Bar that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

2.     **FORUM FOR LITIGATION.** The following sentence is added to the end of Section 18.04 (“Jurisdiction and Venue”) of the Franchise Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3.     **GOVERNING LAW.** Section 19.04 of the Franchise Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

4.     **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as Section 19.04 (“Governing Law”) of the Franchise Agreement:

17.17 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Franchisee’s rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

YOUR FAILURE TO COMPLETE THE INITIAL TRAINING PROGRAM ASSOCIATED WITH THIS FRANCHISE OPPORTUNITY TO THE FRANCHISOR’S SATISFACTION, CAN RESULT IN YOUR FRANCHISE BEING TERMINATED AND LOSS OF YOUR INVESTMENT.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1.     **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Facial Bar that Franchisee will operate under the Franchise Agreement will be located in Maryland; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Maryland.

2.     **RELEASES.** The following is added to the end of Sections 13.02 and 15.03 of the Franchise Agreement:

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

3.     **INSOLVENCY.** The following sentence is added to the end of Section 14.02 of the Franchise Agreement:

Section 14.02 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4.     **FORUM FOR LITIGATION.** The following language is added to the end of Section 18.04 of the Franchise Agreement:

Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5.     **GOVERNING LAW.** The following statement is added at the end of Section 19.04 of the Franchise Agreement:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

6.     **LIMITATION OF CLAIMS.** The following is added to the end of Section 18.06 of the Franchise Agreement:

Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Franchisee the franchise.



7. **ACKNOWLEDGMENTS.** The following is added as a new Section 19.19 to the end of the Franchise Agreement:

19.19 **ACKNOWLEDGMENTS.**

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

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Facial Bar that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 13.02 and 15.03 of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL TERM AND TERMINATION TERM.** The following is added to the end of Sections 14.03 and 15.01 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 5.04 of the Franchise Agreement:

Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee’s right to use the Marks and will indemnify Franchisee from any loss, costs or expenses arising out of any claims, suits or demands regarding Franchisee’s use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION.** The following language is added to the end of Section 18.04 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE’S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW.** The following statement is added at the end of Section 19.04 of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 18.05 and 18.06 of the Franchise Agreement are deleted.

8. **LIMITATION OF CLAIMS.** The following is added to the end of Section 18.06 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **INJUNCTIVE RELIEF.** Section 18.01 of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm Franchisor, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may seek such injunctive relief. Franchisee agrees that its only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

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

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_ a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of New York and the Facial Bar that Franchisee will operate under the Franchise Agreement will be located or operated in New York; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **RELEASES.** The following is added to the end of Sections 13.02 and 15.03 of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the New York State General Business Law.

3. **TERMINATION OF AGREEMENT – BY FRANCHISEE.** The following language is added to Section 14.01 of the Franchise Agreement:

Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 18.01:

Franchisor’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

5. **FORUM FOR LITIGATION.** The following statement is added at the end of Section 18.04 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **GOVERNING LAW.** The following is added to the end of Section 19.04 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIÉ FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_ a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1.     **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of North Dakota and the Facial Bar that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2.     **RELEASES.** The following is added to the end of Sections 13.02 and 15.03 of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3.     **COVENANT NOT TO COMPETE.** The following is added to the end of Section 7.01 of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4.     **GOVERNING LAW.** Section 19.04 of the Franchise Agreement is deleted and replaced with the following:

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 UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

5.     **FORUM FOR LITIGATION.** The following is added to the end of Section 18.04 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO FRANCHISEE’S MEDIATION AND ARBITRATION OBLIGATIONS,

FRANCHISEE MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 18.05 and 18.06 of the Franchise Agreement are deleted.

7. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, Section 18.06 of the Franchise Agreement is deleted.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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



**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_ a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of Washington and the Facial Bar that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

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

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

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

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

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

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

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

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN WISCONSIN**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Facial Bar that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 14.03 and 15.01:

Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**FRANCHISEE**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**EXHIBIT C**  
**AREA DEVELOPMENT AGREEMENT**

(see attached)



**FACE FONDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT**

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**AREA DEVELOPER**

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**DEVELOPMENT AREA**

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**EFFECTIVE DATE OF AGREEMENT**

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### EXHIBITS:

EXHIBIT A – DATA SHEET

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EXHIBIT D – AREA DEVELOPER CERTIFICATION

EXHIBIT E – STATE ADDENDA

## AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between FACE FOUNDRIE FRANCHISING L.L.C., a Minnesota limited liability company with its principal office at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344 (“Franchisor,” “we,” or “us”), and \_\_\_\_\_, a \_\_\_\_\_, with its principal office at \_\_\_\_\_ (“Area Developer” or “you”).

### WITNESSETH:

WHEREAS, Franchisor has established, at a substantial expenditure of time, effort and money, a system (the “System”) of developing, opening and operating a focused facial bar concept under the trademark “FACE FOUNDRIE,” which offers efficient and effective services, including 20-to-50-minute facials, waxing, and skincare products, all delivered with high-end customer service (each, a “Face Foundrie Facial Bar,” and collectively, the “Face Foundrie Facial Bars”); and

WHEREAS, the distinguishing features of the System, include, but are not limited to, the name “FACE FOUNDRIE” and all other trade names, trademarks, service marks, trade dress, logos, emblems, insignia and signs developed for use with the System from time to time (collectively, the “Marks”); specially designed fixtures, equipment, facilities, and other items used in providing services and goods; services, products, methods, procedures, protocols, and quality standards therefor; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor has acquired knowledge and experience in operating Face Foundrie Facial Bars, using the System and with respect to the style of the facilities and signs used by these Face Foundrie Facial Bars and has successfully established a reputation, demand and goodwill for their services and products; and

WHEREAS, Area Developer recognizes the value and benefits that can be derived from utilizing the System and being associated with Franchisor, the Marks and the other distinctive features of the System, and desires to obtain certain development rights to open and operate Face Foundrie Facial Bars under the System and the Marks, as well as to receive other assistance provided by Franchisor in connection therewith.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

### 1. **GRANT**

1.1 **Grant and Acceptance.** Franchisor grants development rights to Area Developer, and Area Developer undertakes the obligation, pursuant to the terms and conditions of this Agreement, to develop no less than the number of Face Foundrie Facial Bars (the “**Franchised Facial Bars**”) as set forth in Exhibit A to this Agreement. In this regard, the parties further agree that:

1.1.1 Each Franchised Facial Bar developed hereunder shall be operated pursuant to a separate Face Foundrie Franchise Agreement with Franchisor (a “**Franchise Agreement**”) that shall be executed as provided in Section 3.4 below.

1.1.2 For each Franchised Facial Bar to be developed under this Agreement, Area Developer shall execute the Franchise Agreement for such Franchised Facial Bar in accordance with the deadlines set forth in the development schedule specified in Paragraph 1 of Exhibit A to this Agreement (the “**Development Schedule**”).



1.1.3 Each Franchised Facial Bar developed hereunder shall be at a specific location, which shall be designated in the Franchise Agreement, that is within in the area described in Paragraph 2 of Exhibit A to this Agreement (the “**Development Area**”). If a “TBD” (to be determined) search area has been designated in Paragraph 2 of Exhibit A, Area Developer hereby authorizes Franchisor to designate the Development Area and complete Exhibit A subsequent to execution of this Agreement upon Franchisor approval of Area Developer’s proposed territory. Until Franchisor has so designated a Development Area, Area Developer will not have any rights to a protected territory.

1.2 **Development Area.** Except as otherwise set forth herein (including, without limitation, the rights retained by Franchisor as described in Section 1.3), during the term of this Agreement, and so long as Area Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Area Developer (including any affiliate of Area Developer), Franchisor shall not establish or operate, or license anyone other than Area Developer to establish or operate, a Face Foundrié Facial Bar under the Marks and System at any location that is within the Development Area. Notwithstanding the foregoing, Franchisor has the right to operate (directly or through an Affiliate), and to grant to others the right to operate, within the Development Area and elsewhere: (a) Face Foundrié Facial Bars or other businesses using any part or all of the System and/or Marks that are operating as of the Effective Date; and (b) businesses that Franchisor or its Affiliates purchase (or as to which Franchisor or its Affiliates purchases the rights as franchisor) that are part of another franchise system or chain and either continue to operate them independently or convert them to Face Foundrié Facial Bars.

1.3 **Franchisor’s Reserved Rights.** Notwithstanding anything to the contrary set forth herein, Franchisor retains the right, in its sole discretion, to:

(a) establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Face Foundrié Facial Bar or any other business using the Marks, the System or any variation of the Marks and the System, (i) in any location outside the Development Area or (ii) as contemplated by Section 1.2 above; in each case on any terms and conditions that Franchisor deems appropriate;

(b) develop, use and franchise anywhere (including within the Development Area) the rights to any trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the System, without granting Area Developer any rights therein;

(c) own, operate, franchise or license anywhere businesses offering products and services of any other type whatsoever operating under marks other than the Marks; and

(d) offer, distribute, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Development Area through any distribution channel or method, including through the Internet or worldwide web (or any other existing or future form of electronic commerce), through smart phone or other digital applications, mail order or catalogs, through telemarketing or other direct marketing, through mass merchandise, convenience stores, supermarkets, grocery stores, convenience stores, and club stores; provided, however, that any such sales will not be made from a Face Foundrié Facial Bar located in the Development Area.

1.4 **No Rights to Use the System.** This Agreement is not a Franchise Agreement, and does not grant to Area Developer any right to use the Marks or the System or to sell or distribute any products or services. Area Developer’s rights to use the Marks and System will be granted solely under the terms of the Franchise Agreement.

## 2. **TERM**

Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement shall commence on the date hereof and shall expire on the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Facial Bars to be located in the Development Area as set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A; or (ii) the final date set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A (the “**Expiration Date**”).

## 3. **DEVELOPMENT OBLIGATIONS**

3.1 **Time is of the Essence.** Recognizing that time is of the essence, Area Developer shall comply strictly with the Development Schedule. Area Developer acknowledges and agrees that the Development Schedule requires that Area Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Facial Bars by the end of the time periods specified in Exhibit A.

3.2 **Identifying and Securing Sites.** Area Developer shall be solely responsible for identifying, submitting for Franchisor’s approval, and securing specific sites for each Franchised Facial Bar. The following terms and conditions shall apply to each Franchised Facial Bar to be developed hereunder:

3.2.1 Area Developer acknowledges that, other than providing its criteria for site approval for the Franchised Facial Bar, Franchisor provides no site-selection assistance. To that end, Franchisor will not visit the search area and Area Developer will be responsible to identify, and ultimately acquire, an appropriate site, acceptable to Franchisor, for the Franchised Facial Bar’s operation. As Area Developer identifies prospective sites, it will notify Franchisor, and Franchisor will review criteria about the prospective sites that Franchisor deems appropriate. Area Developer will assist Franchisor by providing Franchisor any information Franchisor requests about any prospective sites. If Franchisor has not approved a site within thirty (30) days after Area Developer provides Franchisor with all information Franchisor requested about the site, the site shall be deemed disapproved. Area Developer acknowledges and agrees Franchisor will not be responsible for Area Developer’s results in operating at any particular site that Franchisor may have recommended, reviewed, or approved.

3.2.2 Following Franchisor’s approval of a proposed site, Area Developer shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor herein. Area Developer shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement. The site approved and secured pursuant to this Agreement shall be specified as the “Approved Location” under the Franchise Agreement executed pursuant Section 3.4 below.

3.2.3 Area Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Facial Bar or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Area Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Area Developer’s expectations as to revenue or operational criteria.

3.3 **Lease Terms.** For each Franchised Facial Bar to be developed hereunder, if Area Developer will occupy the premises from which the Franchised Facial Bar will be operated under a lease or sublease, Area Developer shall, prior to execution of such lease, submit the lease to Franchisor for its review and approval; provided, however, if pre-submission to Franchisor is not possible, then Area Developer may sign the lease only on the condition, agreed to in writing by the lessor, that the lease shall become null and void if Franchisor does not approve such lease. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require. A Lease Rider containing Franchisor's current requirements is included as an exhibit to the Franchise Agreement, which Area Developer must execute and must cause to be executed by the landlord to its lease as a condition to Franchisor's approval hereunder.

3.4 **Franchise Agreements.** With respect to the Franchise Agreements to be executed for the Franchised Facial Bars to be developed pursuant to this Agreement, the following terms and conditions shall apply:

3.4.1 The Franchise Agreement for the first Franchised Facial Bar to be developed under this Agreement shall be executed simultaneously with the execution of this Agreement.

3.4.2 The Franchise Agreement for each subsequent Franchised Facial Bar to be developed under this Agreement shall be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the Franchise Agreement executed simultaneously with this Agreement including, without limitation, higher and/or additional fees.

3.4.3 Franchisor shall permit one or more Franchise Agreements to be executed by entities other than Area Developer; provided that (a) each such franchisee entity is controlled by, or under common control with, Area Developer, and (b) the Area Developer and all Principals (as defined in Section 9.1 below) of Area Developer requested by Franchisor execute guarantees, guarantying to Franchisor the timely payment and performance of franchisee's obligations under the Franchise Agreement.

3.4.4 Area Developer must execute each Franchise Agreement in accordance with the Development Schedule. Failure to timely execute a Franchise Agreement as required by this Section 3.4 will constitute a default under this Agreement. Area Developer shall thereafter comply with all pre-opening and opening requirements set forth in the Franchise Agreement relating to the Franchised Facial Bar.

3.5 **Force Majeure Events.** Neither party shall be responsible for non-performance or delay in performance occasioned by a "force majeure," which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, epidemic or pandemic, or any other cause beyond the reasonable control of such party; provided, however, force majeure shall not include Area Developer's lack of adequate financing, and no event of force majeure shall relieve a party of the obligation to pay any money under this Agreement. If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost; provided, however, that Area Developer shall make reasonable efforts to correct the reason for such delay and give Franchisor prompt written notice of any such delay.

#### 4. **DEVELOPMENT FEE AND INITIAL FRANCHISE FEE**

4.1 **Area Development Fee.** In consideration of the development rights granted herein, upon execution of this Agreement, Area Developer shall pay an area development fee ("**Area Development Fee**") that is equal to Thirty Six Thousand Dollars (\$36,000) multiplied by the number of Franchised Facial Bars to be developed and opened within the Development Area during the term of this Agreement and in accordance with the Development Schedule, the total amount of such Area Development Fee is specified in Paragraph 3 of Exhibit A. Receipt of the Area Development Fee is hereby acknowledged. The Area Developer expressly acknowledges and agrees that the Area Development Fee is fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or

deferred as a result of the rights granted herein to Area Developer, even if Area Developer does not enter into any Franchise Agreements pursuant to this Agreement.

4.2 **Credit Towards Franchise Fee.** Area Developer will not pay an initial franchise fee (“Franchise Fee”) for any of the Franchised Facial Bars to be developed under this Agreement.

## 5. **DUTIES OF THE PARTIES**

5.1 **Franchisor’s Assistance.** Franchisor shall furnish to Area Developer site selection guidelines, including Franchisor’s minimum standards for Face Foundrié Facial Bar sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.2 **Operating Partner.** If Area Developer is other than an individual, Area Developer shall designate, subject to Franchisor’s reasonable approval, one Operating Partner (as defined in Section 9.1) who is both an individual person and owns at least a twenty percent (20%) of Area Developer, and who shall be responsible for general oversight and management of the development of the Franchised Facial Bars under this Agreement and the operations of all such Franchised Facial Bars open and in operation on behalf of Area Developer (the “**Operating Partner**”). Area Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Operating Partner to have been given, by Area Developer, the responsibility and decision-making authority regarding the Area Developer’s business and operation. In the event the person designated as the Operating Partner dies or becomes incapacitated, leaves the employ of Area Developer, transfers his/her interest in Area Developer, or otherwise ceases to supervise the development of the Franchised Facial Bars, Area Developer shall promptly designate a new Operating Partner, subject to Franchisor’s reasonable approval.

5.3 **Records and Reports to Franchisor.** Area Developer shall, at Area Developer’s expense, comply with the following requirements to prepare and submit to Franchisor the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1 No later than the twentieth (20<sup>th</sup>) day of each calendar month, Area Developer shall have prepared a profit and loss statement reflecting all of Area Developer’s operations during the last preceding calendar month, for each Franchised Facial Bar. Area Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Area Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request.

5.3.2 On April 15th of the year following the end of Area Developer’s fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant.

5.3.3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 **Maintaining Records.** Area Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor’s request and at Area Developer’s expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

## 6. **DEFAULT AND TERMINATION**

6.1 **Automatic Termination.** Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if:

6.1.1 Area Developer becomes insolvent or makes a general assignment for the benefit of creditors;

6.1.2 a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer;

6.1.3 Area Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction;

6.1.4 proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer;

6.1.5 final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Area Developer is dissolved;

6.1.6 execution is levied against any asset of Area Developer or Area Developer's Franchised Facial Bars;

6.1.7 suit to foreclose any lien or mortgage against any asset of Area Developer or Area Developer's Franchised Facial Bars is instituted against Area Developer and not dismissed within thirty (30) days; or

6.1.8 any asset of Area Developer's or any Franchised Facial Bar of Area Developer's shall be sold after levy thereupon by any sheriff, marshal, or constable.

6.2 **Termination Upon Notice.** Area Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described in Section 6.5 below, without affording Area Developer any opportunity to cure the default, effective immediately upon the provision of notice to Area Developer (in the manner provided under Section 10 hereof), upon the occurrence of any of the following events of default:

6.2.1 If the Franchise Agreement for any Franchised Facial Bar operated by Area Developer (or an entity affiliated with Area Developer) is terminated.

6.2.2 If Area Developer or any Principal is convicted of a felony, a crime involving moral turpitude, or any other crime or action that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interest therein.

6.2.3 If Area Developer or any Principal purports to transfer any rights or obligations under this Agreement or any the assets of Area Developer in a manner that is contrary to the terms of Section 7 of this Agreement.

6.2.4 If any Franchised Facial Bar operated by Area Developer (or an entity affiliated with Area Developer) is abandoned, or ceases to operate for more than two (2) consecutive days, or five (5) individual days in any twelve (12) month period, without Franchisor's prior written consent.

6.2.5 If Area Developer misuses or makes any unauthorized use of the Marks or any other identifying characteristics of the System.

6.2.6 If Area Developer breaches any material provision of this Agreement which breach is not susceptible to cure.

6.3 **Missed Deadline.** Failure by Area Developer to meet a deadline under the Development Schedule (a “**Missed Deadline**”) shall constitute a default under this Agreement. In such an event, Franchisor, in its discretion, may terminate this Agreement and all rights granted in accordance with this Agreement; or Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to take any of the actions described in Section 6.5 below.

6.4 **Notice and Opportunity to Cure Other Defaults.** Except as otherwise provided in Sections 6.1, 6.2, and 6.3 above, if Area Developer fails to comply with any material term and condition of this Agreement, such action shall constitute a default under this Agreement and, upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by curing the default to Franchisor’s satisfaction, and by promptly providing proof thereof to Franchisor within the 30-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Facial Bars) will terminate without further notice to Area Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

6.5 **Franchisor’s Other Options Upon Default.** Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Area Developer’s breach of this Agreement, which include, but are not limited to: (i) loss of the limited exclusivity, or reduction in the scope of protections, granted to Area Developer under Section 1.2 herein for the Development Area; (ii) reduction in the scope of the Development Area; and/or (iii) reduction in the number of Franchised Facial Bars to be developed by Area Developer. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement.

6.6 **No Further Rights.** Upon termination or expiration of this Agreement, Area Developer shall have no right to establish or operate any Face Foundrié Facial Bar for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor’s remedies for Area Developer’s breach of this Agreement shall include, without limitation, Area Developer’s loss of its right to develop additional Franchised Facial Bars under this Agreement, and Franchisor’s retention of all area development fees paid or owed by Area Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish, Face Foundrié Facial Bars in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer or Area Developer’s affiliates (as permitted under Section 3.4.3 above).

6.7 **Damages Upon Termination.** In addition to the above, upon termination or expiration of this Agreement, Area Developer shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Area Developer, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Area Developer at the time of default.

## 7. **TRANSFER OF INTEREST**

7.1 **Franchisor's Rights to Transfer.** Franchisor shall have the right, without the need for Area Developer's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor may sell its assets, its Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

7.2 **No Transfers Without Franchisor's Approval.** Area Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Area Developer or the Principals of Area Developer if Area Developer is not an individual. Accordingly, neither Area Developer nor any Principal shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Area Developer (including any direct or indirect interest in a corporate or partnership Area Developer), the rights or obligations of Area Developer under this Agreement, or any material asset of the Area Developer's business, without the prior written consent of Franchisor, which shall be subject to Sections 7.3 and 7.4 below and to all of the conditions and requirements for transfers set forth in the Franchise Agreement executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Area Developer's first Franchised Facial Bar under its first Franchise Agreement must be open and operating, and Area Developer must be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Area Development and its affiliates, and Franchisor).

7.3 **Simultaneous Transfers.** Area Developer understands and acknowledges that any consent to a transfer of this Agreement shall, unless waived, be conditioned on, among other factors, the requirement that the proposed transfer of this Agreement is to be made in conjunction with a simultaneous transfer of all Franchise Agreements executed pursuant to this Agreement to the same approved transferee.

7.4 **Transfer Fee.** At the request of Franchisor, Area Developer shall pay a transfer fee of an amount equal to Franchisor's then-current Franchise Fee for each Franchised Facial Bar that remains to be developed and opened in order to satisfy the Development Schedule, but not less than fifty percent (50%) of the Area Development Fee paid. Additionally, for any Franchise Agreements executed pursuant to this Agreement that are transferred, the transfer fee due under such Franchise Agreement(s) shall be paid to Franchisor pursuant to the terms of such Franchise Agreement(s).

7.5 **Transfer to Entity Formed for by Area Developer.** Notwithstanding anything to the contrary in this Section 7, if Area Developer is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 7.4 shall not apply, and Area Developer may undertake such transfer, provided that: (a) Area Developer owns one hundred percent (100%) of the equity interest in the transferee entity; (b) Area Developer and any other Principal(s) personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Area Developer under this Agreement; (c) Area Developer executes a Transfer of Franchise form as prescribed and approved by Franchisor; (d) such transferee entity is newly organized and its business purpose is confined exclusively to developing and operating the Franchised Facial Bars; and (e) Area Developer and any other Principal(s) execute any and all other ancillary agreements as Franchisor may require.

## 8. **COVENANTS**

8.1 **Confidential Information.** Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such

information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

8.2 **During the Term.** Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

8.2.1 Divert or attempt to divert any business or guest of any Face Foundrié Facial Bar or of any unit under the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or area developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

8.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in (as owner or otherwise) any Competitive Business (as defined below). A "Competitive Business" is any business includes any business operating or franchising an establishment (i) at which more than 10% of the offerings consists of facial services or beauty treatments for the face, or (ii) that offers waxing services. Restrictions in this Agreement on competitive activities do not apply to: (i) the ownership or operation of other Face Foundrié Facial Bars that are licensed or franchised by Franchisor or any of its Affiliates; or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities. Area Developer acknowledges and agrees that Area Developer shall be considered in default under this Agreement and that this Agreement will be subject to immediate termination as provided in Section 6.2 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Area Developer (or, if Area Developer is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 8.2.3 if such person was subject to the covenants of this Section 8.2.3.

8.3 **After the Agreement and After a Transfer.** Area Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 7 above; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Area Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Business, which is, or is intended to be, located (i) within the Development Area (other than those Franchised Facial Bars provided for in the Development Schedule), or (ii) within a radius of ten (10) miles of the protected territory of any other Face Foundrié Facial Bar in operation or under construction on the effective date of termination or expiration. Provided, however, that this provision shall not apply to the operation by Area Developer of any business under the System under a franchise agreement with Franchisor.



8.4 **Exception for Ownership in Public Entities.** Sections 8.2 and 8.3 hereof shall not apply to ownership by Area Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term “**publicly held corporation**” refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

8.5 **Covenants as Independent Clauses.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.6 **Franchisor’s Right to Reduce Scope of the Covenants.** Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement, or any portion thereof, without Area Developer’s consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 hereof.

8.7 **Covenants Survive Claims.** Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys’ fees) incurred by Franchisor in connection with the enforcement of this Section 8.

8.8 **Compliance with Laws.** Area Developer represents and warrants to Franchisor that neither Area Developer (including, without limitation, any and all of its Principals, employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

## 9. **CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP**

9.1 **List of Principals.** If Area Developer is a corporation, limited liability company, or partnership, each owner of beneficial interest in Area Developer (each a “**Principal**”), and the interest of each Principal in Area Developer, shall be identified in Exhibit B to the Agreement. Area Developer shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 7 above. As set forth in Section 5.2 above, the Operating Partner shall at all times have at least a twenty percent (20%) interest in Area Developer.

9.2 **Guaranty, Indemnification, and Acknowledgment.** Each Principal shall execute a guaranty, indemnification, and acknowledgment of Area Developer’s covenants and obligations under this Agreement in the form attached hereto as Exhibit C.

9.3 **Corporations and Limited Liability Companies.** If Area Developer is a corporation or limited liability company, Area Developer shall comply with the following requirements:

9.3.1 Area Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Facial Bars.

9.3.2 Area Developer shall, upon request of Franchisor, promptly furnished to Franchisor copies of Area Developer’s articles of incorporation, bylaws, articles of organization, operating

agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

9.3.3 Area Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Area Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 9.3.3 shall not apply to a publicly held corporation.

9.4 **Partnerships and Limited Liability Partnerships.** If Area Developer or any successor to or assignee of Area Developer is a partnership or limited liability partnership, Area Developer shall comply with the following requirements:

9.4.1 Area Developer shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Facial Bars.

9.4.2 Area Developer shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

9.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

## 10. **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party, and provided that Franchisor may provide Area Developer notice electronically to the email address included on the signature page of this Agreement, read receipt requested, unless and until a different email address has been designated by written notice to Franchisor. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

## 11. **PERMITS AND COMPLIANCE WITH THE LAWS**

11.1 **Compliance with Laws.** Area Developer shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

11.2 **Notice of Actions.** Area Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, 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, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Facial Bar established under this Agreement.

## 12. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

12.1 **No Fiduciary Relationship.** Area Developer is an independent contractor. Franchisor and Area Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship.

12.2 **Public Notice.** During the term of this Agreement, Area Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an area development agreement with Franchisor. Area Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Area Developer's offices, the content of which Franchisor reserves the right to specify.

12.3 **No Assumption of Liability.** Nothing in this Agreement authorizes Area Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Area Developer in Area Developer's operations hereunder, or for any claim or judgment arising therefrom against Area Developer or Franchisor.

12.4 **Indemnification.** Area Developer shall indemnify and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Area Developer's operation of the business contemplated hereunder (notwithstanding any claims that the Indemnitees are or were negligent). Area Developer agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Area Developer, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Area Developer's obligation hereunder.

### 13. **APPROVALS AND WAIVERS**

13.1 **Approval Requests.** Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing. Franchisor shall respond to Area Developer's timely requests in a reasonably timely and prompt manner.

13.2 **Non-waiver.** No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Area Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Area Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Area Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, covenants or conditions of this Agreement. If Area Developer fails to give written notice to Franchisor of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date it has knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating, that Area Developer may have a claim against Franchisor or against any of its affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by Area Developer, and Area Developer will be barred from beginning any legal, arbitration, or other action against Franchisor or against its affiliates, or from instituting

any counterclaim against Franchisor or its affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action Franchisor may maintain against Area Developer.

#### 14. **SEVERABILITY AND CONSTRUCTION**

14.1 **Severable Parts.** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

14.2 **Terms Surviving this Agreement.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination.

14.3 **No Rights on Third Parties.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Area Developer, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor, any rights or remedies under or by reason of this Agreement.

14.4 **Full Scope of Terms.** Area Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

14.5 **Franchisor's Application of its Rights.** Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Area Developer a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests and/or in the best interests of the Franchisor's franchise network, at the time its decision is made, without regard to whether: (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor; (ii) the decision or action of Franchisor will promote its financial or other individual interest; (iii) Franchisor's decision or the action it take applies differently to Area Developer and one or more other franchisees or Franchisor's company-owned operations; or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Area Developer's interests. In the absence of an applicable statute, Franchisor will have no liability to Area Developer for any such decision or action. Franchisor and Area Developer intend that the exercise of Franchisor rights 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, Franchisor and Area Developer agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Area Developer's rights and obligations hereunder.

14.6 **Captions Only for Convenience.** All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

15. **ENTIRE AGREEMENT**

Franchisor and Area Developer, and any Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Area Developer which are uncertain, Franchisor and Area Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Area Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Area Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Area Developer or the relationship between them. Franchisor and Area Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Area Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Area Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Section 15 is intended to disclaim any of the information contained in Franchisor's Franchise Disclosure Document or its attachments or exhibits.

16. **APPLICABLE LAW AND DISPUTE RESOLUTION**

16.1 **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), this Agreement will be governed by the laws of the State of Minnesota without regard to its conflicts of laws provisions. The parties agree, however, that if Area Developer is not a resident of Minnesota, and if the Franchised Facial Bars are not located in Minnesota, then they hereby waive the provisions of the Minnesota Franchise Act, Minnesota Statutes, Section 80C.01, et seq. and the regulations promulgated thereunder. If the Minnesota Franchise Act would not otherwise apply to the franchise relationship created hereby, but there is a statute in the state in which the business franchised hereunder is located that specifically governs relationships between franchisees and franchisors, then that particular law will apply in lieu of the Minnesota Franchise Act.

16.2 **Injunctive Relief and Attorneys' Fees.** Franchisor and Area Developer will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to: (i) enforce Area Developer and Franchisor's ability to terminate this Agreement for the causes set forth in Section 16 of this Agreement; and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with Area Developer or Franchisor's business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. Franchisor and Area Developer will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If Franchisor is successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against Area Developer, or in successfully defending any claim Area Developer has brought against Franchisor, Area Developer will pay Franchisor an amount equal to all of Franchisor's costs of prosecuting and defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses.

Franchisor and Area Developer's respective rights to obtain injunctive or other equitable relief is in addition to any other right Franchisor or Area Developer may have under this Agreement. It will in no way limit or prohibit Franchisor from obtaining money damages from Area Developer if Area Developer breaches this Agreement.

**16.3 Mediation.** Except where it is necessary for either Franchisor or Area Developer to obtain equitable relief to preserve the goodwill of their respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), Franchisor and Area Developer each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between them, for a minimum of four (4) hours, before initiating any legal action or arbitration against the other. Upon written notice by either Area Developer to Franchisor, to the other, of Area Developer or Franchisor's desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section did not exist, or, at its option, make the selection of the organization to provide mediation services. If Area Developer or Franchisor selects an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to Area Developer and Franchisor. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If Area Developer and Franchisor cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both parties, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either an Area Developer or franchisor (or as an officer of such an entity) or in franchise law. Franchisor and Area Developer will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless Franchisor and Area Developer agree otherwise, the mediation will be held in a metropolitan area within twenty (20) miles of Franchisor's principal office.

**16.3.1** Except for the matters identified above where Franchisor or Area Developer are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section), then upon petition of whichever of the parties has a lawsuit or arbitration proceeding brought against it, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award reasonable attorneys' fees and costs to the party seeking dismissal in an amount equal to the reasonable attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all reasonable attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section.

**16.4 Arbitration.** EXCEPT IN SO FAR AS FRANCHISOR OR AREA DEVELOPER SEEKS TO ENFORCE THIS AGREEMENT BY JUDICIAL PROCESS AND INJUNCTION AS PROVIDED IN, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON AREA DEVELOPER'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND AREA DEVELOPER ARISING OUT OF OR RELATING TO (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND AREA DEVELOPER, (B) THE RELATIONSHIP BETWEEN AREA DEVELOPER AND FRANCHISOR OR (C) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND AREA DEVELOPER (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND AREA DEVELOPER ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION

ASSOCIATION (“AAA”) AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR’S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA.

The arbitration proceedings will be conducted by one arbitrator and, except as this Section 18 otherwise provides, according to the AAA’s then current rules. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

The arbitrator appointed must have at least ten (10) years’ experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator will have no authority to add, delete, or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties before the start of the arbitration hearing, and the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in this Agreement below, award any punitive, exemplary or multiple damages against either party (Franchisor and Area Developer hereby waiving to the fullest extent permitted by law, except as expressly provided in this Agreement below, any right to or claim for any punitive, exemplary or multiple damages against the other). The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

Franchisor and Area Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Area Developer further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Franchisor.

Franchisor and Area Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor’s affiliates, and Franchisor’s and their respective shareholders, officers, directors, managers, agents, and/or employees, and Area Developer (and/or Area Developer’s Principals, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Franchisor and Area Developer acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section. Unless this Agreement is terminated in accordance with the provisions herein, during the pendency of any arbitration proceeding, Franchisor and Area Developer will fully perform the requirements of this Agreement.

If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 18.01, the arbitrability of the claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

Franchisor and Area Developer agree that any claim arising out of this Agreement, whether for rescission or damages or any other type of remedy at law or in equity shall be brought in within the later of one (1) year from the date of the act or failure to act by any person or six (6) months from the date claimant knew

or should have known of the act or failure to act by the party sought to be charged.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

16.5 **Consent to Jurisdiction.** Subject to the mediation and arbitration obligations in Sections 16.2 and 16.3, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Area Developer resides or the Development Area is located.

16.6 **No Rights Exclusive of Other Rights.** No right or remedy conferred upon or reserved to Franchisor or Area Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

16.7 **WAIVER OF JURY TRIAL.** FRANCHISOR AND AREA DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER.

16.8 **Limitation.** Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Area Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

16.9 **Intentionally Omitted.**

16.10 **WAIVER OF PUNITIVE DAMAGES.** FRANCHISOR AND AREA DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER.

16.11 **Intentionally Omitted.**

16.12 **Injunctive Relief.** Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

16.13 **Counterparts; Paragraph Headings; Pronouns.** This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. Each pronoun used herein shall be deemed to include the other number of genders.

16.14 **Attorneys' Fees.** In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Area Developer hereunder, or to defend against any claim, demand, action or proceeding by reason of Area Developer's failure to perform any obligation imposed upon Area Developer by this Agreement, Franchisor shall be entitled to recover from Area Developer the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in



defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

17. **ACKNOWLEDGMENTS**

17.1 **AREA DEVELOPER'S INVESTIGATION OF THE BUSINESS POSSIBILITIES.** AREA DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING FACE FONDRIÉ FACIAL BARS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF AREA DEVELOPER (OR, IF AREA DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND AREA DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. AREA DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. AREA DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT AREA DEVELOPER HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

17.2 **Receipt of FDD and Complete Agreement.** Area Developer acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Area Developer further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (**FDD**), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Area Developer for the rights granted under this Agreement. Area Developer further acknowledges that prior to receiving Franchisor's FDD, Franchisor advised Area Developer of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

17.3 **Area Developer Read the Agreement and Consulted.** Area Developer acknowledges that it has read and understood Franchisor's FDD and this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Area Developer ample time and opportunity to consult with advisors of Area Developer's own choosing about the potential benefits and risks of entering into this Agreement.

17.4 **No Conflicting Obligations.** Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

17.5 **Patriot Act.** Area Developer represents and warrants that to its actual knowledge: (i) neither Area Developer, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Area Developer, nor any Area Developer affiliate or related party, or any funding source for any Franchised Facial Bar, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither Area Developer nor any Area Developer affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Area Developer nor any Area Developer affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Area Developer nor any Area Developer affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Department of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither Area Developer nor any Area Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Area Developer nor any Area Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Area Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

17.6 **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

**FACE FOUNDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
SIGNATURE PAGE**

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Area Development Agreement in duplicate on the day and year first above written.

**FRANCHISOR:**

FACE FOUNDRIÉ FRANCHISING L.L.C.,  
a Minnesota limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AREA DEVELOPER:**

If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership, limited  
liability company or other legal entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If Individual(s):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**FACE FOUNDRIÉ FRANCHISING L.L.C. AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT A**  
**DATA SHEET**

1. **Development Schedule** (see Section 1.1): Area Developer shall execute Franchise Agreements for the development and operation of \_\_\_\_\_ (\_\_\_\_) Franchised Facial Bars, within the Development Area in accordance with the following Development Schedule:

| Franchised Facial Bar Number | Date by Which Franchise Agreement Must be Signed | Date by Which Franchised Facial Bar Must Be Open & Operating | Cumulative Number of Franchised Facial Bars to be Open and Operating by Area Developer in the Development Area |
|------------------------------|--------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 1                            | Date of this Agreement.                          |                                                              | 1                                                                                                              |
| 2                            |                                                  |                                                              | 2                                                                                                              |
| 3                            |                                                  |                                                              | 3                                                                                                              |

For the purposes of determining compliance with this Development Schedule, only the Franchised Facial Bars Area Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Franchised Facial Bars required to be open and operated above.

The Expiration Date of this Agreement, as defined in Section 2, shall be the earlier of (i) the date the final Franchise Agreement is executed by Area Developer in accordance with the required minimum cumulative number of Franchise Agreements to be executed for Franchised Facial Bars to be located in the Development Area as set forth in the Development Schedule above; or (ii) the final date set forth in the Development Schedule above.

2. **Development Area** (see Section 1.1): The Development Area shall be defined as the following:

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If the Development Area references one or more sites yet to be determined, then Franchisor reserves the right to develop and operate Face Foundrié Facial Bars in and around the above-described city, county, or area, and to sell franchises and grant territories to others – including through area development agreements – who will operate Face Foundrié Facial Bars in and around the above-described area. Area Developer may then be required to choose a final location for a Franchised Facial Bar outside of any protected territory given to any other franchisee or area developer, which final location may be outside of the area identified above. Area Developer authorizes Franchisor to define the Development Area and complete this Exhibit A following execution of this Area Development Agreement upon Franchisor's approval of a development area.

3. **Area Development Fee:** In accordance with the total number of Franchised Facial Bars to be developed and opened within the Development Area, the total Area Development Fee shall be \$\_\_\_\_\_.

**FACE FOUNDRIÉ FRANCHISING L.L.C.**

**AREA DEVELOPER**

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

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

**FACE FOUNDRIÉ FRANCHISING L.L.C.**  
**AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT B**  
**LIST OF PRINCIPALS & OPERATING PARTNER**

**AREA DEVELOPER'S PRINCIPALS**

The following identifies all of Area Developer's owners, including each owner's address and percentage of beneficial interest in Area Developer:

| Name of Principal | Address, Telephone, Email | Interest (%) with Description |
|-------------------|---------------------------|-------------------------------|
|                   |                           |                               |
|                   |                           |                               |
|                   |                           |                               |
|                   |                           | Total %:                      |

**AREA DEVELOPER'S OPERATING PARTNER**

The following identifies Area Developer's Operating Partner, including his/her contact information and percentage of beneficial interest in Area Developer:

| Name of Operating Principal | Address, Telephone, Email | Interest (%) with Description |
|-----------------------------|---------------------------|-------------------------------|
|                             |                           |                               |

**FACE FOUNDRIÉ FRANCHISING L.L.C.**

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

**AREA DEVELOPER**

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

**FACE FOUNDRIÉ FRANCHISING L.L.C.**  
**AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT C**  
**GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to Face Foundrié Franchising L.L.C. (“**Franchisor**”) to enter into the Area Development Agreement between Franchisor and \_\_\_\_\_ (“**Area Developer**”), dated \_\_\_\_\_ 20\_\_\_\_ (the “**Agreement**”), the undersigned hereby unconditionally guarantees to Franchisor and Franchisor’s successors and assigns that all of Area Developer’s covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guaranty, Indemnification, and Acknowledgment (this “**Guaranty**”) is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned hereby agrees to immediately make each payment required of Area Developer under the Agreement and waive any right to require Franchisor to: (a) proceed against Area Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Area Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; or (d) give notice of demand for payment by Area Developer. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer, and the undersigned hereby waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledges and expressly agrees to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 7 and 8. Signature by the undersigned on this Guaranty constitutes the undersigned’s signature on the Agreement related to all covenants. The undersigned asserts that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Area Developer by Franchisor under the Agreement. The undersigned further acknowledges and agrees that this Guaranty does not grant the undersigned any right to use the “Face Foundrié” marks or system licensed to Area Developer under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors, if any, will continue in full force and effect.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term “undersigned” shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, in the manner provided under Section 10 of the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with the Agreement. This Guaranty shall be governed by the dispute resolution provisions of the Agreement, and shall be interpreted and construed under the laws of the State of Minnesota. In the event of any conflict of law, the laws of the State of Minnesota shall prevail (without regard to, and without giving effect to, the application of Minnesota conflict of law rules).

**IN WITNESS WHEREOF**, the undersigned has executed this Guaranty, Indemnification and Acknowledgment as of the date of the Agreement.

**GUARANTOR(S):**

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

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

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

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

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

**FACE FOUNDRIÉ FRANCHISING L.L.C.**  
**AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT D**  
**AREA DEVELOPER CERTIFICATION**

The undersigned, personally and as an officer(s), member(s) or partner(s) of Area Developer, as applicable, does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Area Development Agreement and the Face Foundrié Franchising L.L.C. Franchise Agreement, and that the decision to execute the Area Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Area Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor or its affiliate operated Face Foundrié Facial Bars that are contrary to or different from the information contained in Franchisor's Franchise Disclosure Document. The undersigned further certifies that he/she understands the risks involved in this investment and Face Foundrié Franchising L.L.C. makes no representation or guaranty, explicit or implied, that the Area Developer will be successful or will recoup his/her investment.

**IN WITNESS WHEREOF**, the undersigned have signed and delivered this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
AREA DEVELOPER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Each of the undersigned Principals own a beneficial interest in Area Developer and has read the Area Development Agreement, agree to be individually bound by all obligations of Area Developer hereunder and certify the foregoing:

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

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

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

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

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

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



**FACE FOUNDRIE FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
EXHIBIT E  
STATE ADDENDA**

**ADDENDUM TO THE FACE FONDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FONDRIÉ FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Illinois and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in Illinois, and/or (b) Area Developer is domiciled in Illinois.

2. **FORUM FOR LITIGATION.** The following sentence is added to the end of Section 16.5 (“Consent to Jurisdiction”) of the Area Development Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3. **GOVERNING LAW.** Section 16.1 (“Governing Law”) of the Area Development Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as Section 16.14 of the Area Development Agreement:

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

YOUR FAILURE TO COMPLETE THE INITIAL TRAINING PROGRAM ASSOCIATED  
WITH THIS FRANCHISE OPPORTUNITY TO THE FRANCHISOR’S SATISFACTION, CAN RESULT  
IN YOUR FRANCHISE BEING TERMINATED AND LOSS OF YOUR INVESTMENT.

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

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE ADDENDUM TO THE FACE FOUNDRÍE FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRÍE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Maryland and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in Maryland, and/or (b) Area Developer is domiciled in Maryland.

2. **RELEASES.** The following is added to the end of Sections 16.10 of the Area Development Agreement:

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

3. **INSOLVENCY.** The following sentence is added to the end of Section 6.1 of the Area Development Agreement:

Section 6.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **FORUM FOR LITIGATION.** The following language is added to the end of Section 16.5 of the Area Development Agreement:

Area Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW.** The following statement is added at the end of Section 16.1 of the Area Development Agreement:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

6. **LIMITATION OF CLAIMS.** The following is added to the end of Section 16.7 of the Area Development Agreement:

Area Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Area Developer the franchise.

6. **ACKNOWLEDGMENTS.** The following is added as Section 17 of the Area Development Agreement.

17. **ACKNOWLEDGMENTS.**

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

**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE ADDENDUM TO THE FACE FONDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FONDRIÉ FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Minnesota and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in Minnesota, and/or (b) Area Developer is domiciled in Minnesota.

2. **FORUM FOR LITIGATION.** The following language is added to the end of Section 16.5 of the Area Development Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT FRANCHISOR, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF AREA DEVELOPER’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR AREA DEVELOPER’S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

3. **GOVERNING LAW.** The following statement is added at the end of Section 16.1 of the Area Development Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF AREA DEVELOPER’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR AREA DEVELOPER’S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 16.7 and 16.10 of the Area Development Agreement are deleted.

5. **LIMITATION OF CLAIMS.** The following is added to the end of Section 16.7 of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

6. **RELEASE OF CLAIMS.** The following is added to the end of Section 16.10 of the Area Development Agreement:

Notwithstanding the foregoing, Area Developer will not be required to assent to a release,

assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 - 80C.22.

7. **INJUNCTIVE RELIEF**. Section 16.12 of the Area Development Agreement is deleted and replaced with the following:

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm Franchisor, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Area Developer agrees that Franchisor may seek such injunctive relief. Area Developer agrees that its only remedy if an injunction is entered against Area Developer will be the dissolution of that injunction, if warranted, upon due hearing, and Area Developer hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

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

*[signature page follows]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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



**ADDENDUM TO THE ADDENDUM TO THE FACE FONDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NEW YORK**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FONDRIÉ FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in New York and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in New York, and/or (b) Area Developer is domiciled in New York.

2. **RELEASES.** The following language is added to the end of Section 16.10 of the Area Development Agreement:

Notwithstanding the foregoing of all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 16.12:

Franchisor’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

4. **FORUM FOR LITIGATION.** The following language is added to the end of Section 16.5 of the Area Development Agreement:

This section shall not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereafter.

5. **GOVERNING LAW.** The following statement is added at the end of Section 16.1 of the Area Development Agreement:

This section shall not be considered a waiver of any right conferred upon Area Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE FACE FOUNDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIÉ FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in North Dakota, and/or (b) Area Developer is domiciled in North Dakota.

2. **COVENANT NOT TO COMPETE.** The following is added to the end of Section 8.3 of the Area Development Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. **GOVERNING LAW.** Section 16.1 of the Area Development Agreement is deleted and replaced with the following:

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 UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND AREA DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE STATE OF NORTH DAKOTA WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND AREA DEVELOPER WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

4. **FORUM FOR LITIGATION.** The following is added to the end of Section 16.5 of the Area Development Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO AREA DEVELOPER'S ARBITRATION OBLIGATIONS, AREA DEVELOPER MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH

DAKOTA FRANCHISE INVESTMENT LAW.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Sections 16.7 and 16.10 of the Area Development Agreement are deleted.

6. **LIMITATIONS OF CLAIMS.** To the extent required by the North Dakota Franchise Investment Law, Section 16.8 of the Area Development Agreement is deleted.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE FACE FOUNDRIÉ FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN WASHINGTON**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIÉ FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Washington and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in Washington, and/or (b) Area Developer is domiciled in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Area Development Agreement:

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

RCW 19.100.180 may supersede the Area Development Agreement in Area Developer’s relationship with the Franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Area Development Agreement in Area Developer’s relationship with the Franchisor, including the areas of termination and renewal of the franchise.

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and

unenforceable against an independent contractor of a Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting an Area Developer from (i) soliciting or hiring any employee of a franchisee of the Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Area Development Agreement or elsewhere are void and unenforceable in Washington.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

**FRANCHISOR**

**FACE FONDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

**ADDENDUM TO THE FACE FOUNDRIE FRANCHISING L.L.C.  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN WISCONSIN**

**THIS ADDENDUM** (the “**Addendum**”) is made and entered into by and between **FACE FOUNDRIE FRANCHISING L.L.C.**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, and \_\_\_\_\_, a \_\_\_\_\_ (“**Area Developer**”), whose principal business address is \_\_\_\_\_.

1. **BACKGROUND.** Franchisor and Area Developer are parties to that certain Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Area Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Wisconsin and the Franchised Facial Bars that Area Developer will operate and develop under the Area Development Agreement will be located in Wisconsin, and/or (b) Area Developer is domiciled in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraphs are added to the end of Section 6.

Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.



**IN WITNESS WHEREOF**, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Area Development Agreement.

**FRANCHISOR**

**FACE FOUNDRIÉ FRANCHISING  
L.L.C.**

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

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

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

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

**AREA DEVELOPER**

**(IF ENTITY):**

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

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

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

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

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

**(IF INDIVIDUALS):**

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

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

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

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

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

## EXHIBIT D

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**EXHIBIT E**  
**FINANCIAL STATEMENTS**

(see attached)



## CONSENT

Kezos & Dunlavy, LLC consents to the use in the Franchise Disclosure Document issued by Face Foundrie Franchising LLC (“Franchisor”) on April 12, 2024, as it may be amended, of our report dated April 10, 2024, relating to the financial statements of Franchisor for the period ending December 31, 2023.

*Kezos & Dunlavy*

Date: April 12, 2024

FACE FOUNDRIÉ®

**FACE FOUNDRIÉ FRANCHISING LLC**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023, 2022 (Restated), and 2021 (Restated)



# FACE FOUNDRIE FRANCHISING LLC

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***Independent Auditor's Report***

To the Member  
Face Foundrié Franchising LLC  
Minneapolis, MN

***Opinion***

We have audited the accompanying financial statements of Face Foundrié Franchising LLC, which comprise the balance sheet as of December 31, 2023 and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Face Foundrié Franchising LLC as of December 31, 2022 and 2021 were audited by other auditors whose report dated March 28, 2023, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Face Foundrié Franchising LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of matter – Change in Estimate***

As discussed in Note 10 to the financial statements, the Company has elected to change its accounting estimate pertaining to the valuation of pre-opening obligations related to franchise sales under ASC 606 *Revenue from Contracts with Customers*. Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with generally accepted accounting principles (GAAP). The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Management has provided comprehensive disclosure in the notes to the financial statements regarding the nature of the change, its impact on the financial statements, and the reasons for the change.

***Emphasis of Matter - Correction of Errors***

As discussed in Note 11 to the financial statements, during the preparation of the financial statements for the year ended December 31, 2023, management identified errors in revenue recognition related to the years ended December 31, 2021 and 2022. These errors resulted from incorrect timing of revenue recognition of franchise fee revenue. In addition, a right of use asset and associated operating lease liability not previously recognized but in existence in 2022 was identified. As a result, the previously reported financial statements for the years ended December 31, 2021 and 2022 have been restated to reflect the correction of these errors. We were not engaged to audit the years ended December 31, 2021 and 2022. We have audited the adjustments described in Note 11 that were applied to restate the 2022 and 2021 financial statements. Our opinion is not modified with respect to that matter.



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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

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

### ***Restrictions on Use***

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunaway

St. George, Utah  
April 10, 2024

**Face Foundrie Franchising LLC**  
**BALANCE SHEETS**  
As of December 31, 2023, 2022 (Restated) and 2021 (Restated)

|                                         | <u>2023</u>                | <u>2022*</u>               | <u>2021*</u>             |
|-----------------------------------------|----------------------------|----------------------------|--------------------------|
| <b>Assets</b>                           |                            |                            |                          |
| Current assets                          |                            |                            |                          |
| Cash and cash equivalents               | \$ 1,969,123               | \$ 1,611,868               | \$ 520,989               |
| Accounts receivable                     | 96,311                     | 101,020                    | 254,883                  |
| Prepaid expenses                        | 17,976                     | -                          | -                        |
| Related party note receivable           | 750,000                    | 130,986                    | 121,754                  |
| Deferred contract costs                 | 30,000                     | 34,000                     | 38,000                   |
| Other current assets                    | 29,383                     | 73,451                     | -                        |
| Total current assets                    | <u>2,892,793</u>           | <u>1,951,325</u>           | <u>935,626</u>           |
| Operating lease right-of-use asset      | 366,840                    | 400,209                    | -                        |
| Equipment, net                          | 5,030                      | 6,577                      | -                        |
| Intangibles, net                        | 53,872                     | 42,340                     | -                        |
| Total assets                            | <u><u>\$ 3,318,535</u></u> | <u><u>\$ 2,400,451</u></u> | <u><u>\$ 935,626</u></u> |
| <b>Liabilities and Member's Deficit</b> |                            |                            |                          |
| Current liabilities                     |                            |                            |                          |
| Accounts payable                        | \$ 20,074                  | \$ -                       | \$ -                     |
| Accrued expenses                        | 31,279                     | 63,084                     | 16,424                   |
| Credit card payable                     | 22,075                     | 9,497                      | 20,377                   |
| Gift card liability                     | 1,468,430                  | 712,736                    | -                        |
| Operating lease liability, current      | 32,486                     | 29,204                     | -                        |
| Deferred revenue, current               | 447,000                    | 131,147                    | 151,450                  |
| Total current liabilities               | <u>2,021,344</u>           | <u>945,668</u>             | <u>188,251</u>           |
| Operating lease liability, non-current  | 343,795                    | 376,281                    | -                        |
| Deferred revenue, non-current           | 1,786,704                  | 1,637,657                  | 831,634                  |
| Total liabilities                       | <u>4,151,843</u>           | <u>2,959,606</u>           | <u>1,019,885</u>         |
| Member's deficit                        |                            |                            |                          |
| Accumulated member's deficit            | (833,308)                  | (559,155)                  | (84,259)                 |
| Total member's deficit                  | <u>(833,308)</u>           | <u>(559,155)</u>           | <u>(84,259)</u>          |
| Total liabilities and member's deficit  | <u><u>\$ 3,318,535</u></u> | <u><u>\$ 2,400,451</u></u> | <u><u>\$ 935,626</u></u> |

The accompanying notes are an integral part of these financial statements

\*Certain balances have been restated due to error. See Note 11 to the financial statements

**Face Foundrie Franchising LLC**  
**STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2023, 2022 (Restated) and 2021 (Restated)

|                            | <u>2023</u>       | <u>2022</u><br><u>(Restated*)</u> | <u>2021</u><br><u>(Restated*)</u> |
|----------------------------|-------------------|-----------------------------------|-----------------------------------|
| Operating revenues         |                   |                                   |                                   |
| Franchise fees             | \$ 651,100        | \$ 347,280                        | \$ 135,916                        |
| Royalty fees               | 1,067,442         | 712,958                           | 55,927                            |
| Advertising fees           | 158,797           | 125,286                           | 8,024                             |
| Technology fees            | 36,260            | 32,000                            | 1,750                             |
| Training & support fees    | 15,441            | 14,300                            | -                                 |
| Other operating revenue    | 58,971            | 8,664                             | -                                 |
| Total operating revenues   | <u>1,988,011</u>  | <u>1,240,488</u>                  | <u>201,617</u>                    |
| Operating expenses         |                   |                                   |                                   |
| Salaries and wages         | 1,120,347         | 829,894                           | 366,934                           |
| Professional fees          | 139,249           | 84,263                            | 71,485                            |
| General and administrative | 323,505           | 234,764                           | 79,352                            |
| Advertising expenses       | 218,637           | 312,897                           | 18,105                            |
| Other operating expense    | -                 | 189,164                           | -                                 |
| Total operating expenses   | <u>1,801,738</u>  | <u>1,650,982</u>                  | <u>535,876</u>                    |
| Operating income (loss)    | 186,273           | (410,494)                         | (334,259)                         |
| Other income               |                   |                                   |                                   |
| Interest income            | 47,416            | 1,041                             | -                                 |
| Net income (loss)          | <u>\$ 233,689</u> | <u>\$ (409,453)</u>               | <u>\$ (334,259)</u>               |

The accompanying notes are an integral part of these financial statements

\*Certain balances have been restated due to error. See Note 11 to the financial statements

**Face Foundrie Franchising LLC**  
**STATEMENTS OF MEMBER'S EQUITY**  
 For the Years Ended December 31, 2023, 2022 (Restated) and 2021 (Restated)

|                              | <b>Total</b> |
|------------------------------|--------------|
| Balance at December 31, 2020 | \$ 250,000   |
| Net loss                     | (334,259)    |
| Balance at December 31, 2021 | (84,259)     |
| Contributions                | 55,552       |
| Distributions                | (120,995)    |
| Net loss                     | (409,453)    |
| Balance at December 31, 2022 | (559,155)    |
| Distributions                | (507,842)    |
| Net income                   | 233,689      |
| Balance at December 31, 2023 | \$ (833,308) |

The accompanying notes are an integral part of these financial statements  
 \*Certain balances have been restated due to error. See Note 11 to the financial statements

# Face Foundrie Franchising LLC

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023, 2022 (Restated) and 2021 (Restated)

|                                                                                | <b>2023</b>         | <b>2022</b><br><b>(Restated*)</b> | <b>2021</b><br><b>(Restated*)</b> |
|--------------------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities:                                          |                     |                                   |                                   |
| Net income (loss)                                                              | \$ 233,689          | \$ (409,453)                      | \$ (334,259)                      |
| Adjustments to reconcile net income (loss) to net cash provided by activities: |                     |                                   |                                   |
| Depreciation and amortization                                                  | 10,015              | 889                               | -                                 |
| Change in operating assets and liabilities:                                    |                     |                                   |                                   |
| Accounts receivable                                                            | 4,709               | 153,863                           | (254,883)                         |
| Prepaid expenses                                                               | (17,976)            | -                                 | -                                 |
| Note receivable related party                                                  | (619,014)           | (9,232)                           | (21,752)                          |
| Deferred contract costs                                                        | 4,000               | 4,000                             | (38,000)                          |
| Other current assets                                                           | 44,068              | (73,451)                          | -                                 |
| Accounts payable                                                               | 20,074              | -                                 | -                                 |
| Accrued expenses                                                               | (31,805)            | 46,662                            | 16,422                            |
| Credit card payable                                                            | 12,578              | (10,880)                          | 20,377                            |
| Gift card liability                                                            | 755,694             | 712,734                           | -                                 |
| Operating lease                                                                | 4,165               | 5,276                             | -                                 |
| Deferred revenue                                                               | 464,900             | 785,720                           | 983,084                           |
| Net cash provided by operating activities                                      | <u>885,097</u>      | <u>1,206,128</u>                  | <u>370,989</u>                    |
| Cash flows from investing activities:                                          |                     |                                   |                                   |
| Purchase of equipment, net                                                     | -                   | (7,466)                           | -                                 |
| Purchases of intangibles, net                                                  | (20,000)            | (42,340)                          | -                                 |
| Net cash used in investing activities                                          | <u>(20,000)</u>     | <u>(49,806)</u>                   | <u>-</u>                          |
| Cash flows from financing activities:                                          |                     |                                   |                                   |
| Contributions                                                                  | -                   | 55,552                            | -                                 |
| Distributions                                                                  | (507,842)           | (120,995)                         | -                                 |
| Net cash used in financing activities                                          | <u>(507,842)</u>    | <u>(65,443)</u>                   | <u>-</u>                          |
| Net change in cash and cash equivalents                                        | 357,255             | 1,090,879                         | 370,989                           |
| Cash and cash equivalents at beginning of period                               | <u>1,611,868</u>    | <u>520,989</u>                    | <u>150,000</u>                    |
| Cash and cash equivalents at end of period                                     | <u>\$ 1,969,123</u> | <u>\$ 1,611,868</u>               | <u>\$ 520,989</u>                 |
| Supplemental disclosures of cash flow                                          |                     |                                   |                                   |
| Cash paid for interest                                                         | <u>\$ 418</u>       | <u>\$ -</u>                       | <u>\$ -</u>                       |

The accompanying notes are an integral part of these financial statements

\*Certain balances have been restated due to error. See Note 11 to the financial statements

**FACE FONDRIÉ FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 (Restated), and 2021 (Restated)**

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Face Foundrie Franchising LLC (the “Company”) was formed on April 14, 2020 in the state of Minnesota as a limited liability company and provides beauty services with an all-inclusive focused facial bar.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Reclassification*

Certain items in prior years have been reclassified to conform to the current year’s presentation.

*(e) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2023, 2022, and 2021, the Company had cash and cash equivalents of \$1,969,123, \$1,611,868 and \$520,989, respectively. Of the \$1,969,123 in cash and cash equivalents as of December 31, 2023, \$1,458,965 has been set aside by the Company for satisfaction of the gift card liability. As of December 31, 2022, \$700,015 was set aside by the Company for satisfaction of the gift card liability.

**FACE FOUNDRIE FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 (Restated), and 2021 (Restated)**

*(f) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, advertising fees, technology fees, and support fees. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2023, 2022, and 2021, the Company had net accounts receivable of \$96,311, \$101,020, and \$254,883. As of December 31, 2023, 2022 and 2021, the Company had no allowance for doubtful accounts.

*(g) Prepaid Expenses*

As of December 31, 2023, the Company had prepaid expenses totaling \$17,976, consisting primarily of prepaid insurance and office expenses. Prepaid expenses represent future economic benefits that have been paid for in advance and are expected to be expensed over the subsequent accounting periods.

The Company evaluates prepaid expenses regularly to ensure they are appropriately recorded and accurately reflect the timing of economic benefits to be derived.

*(h) Related Party Note Receivable*

In the routine course of business, the Company loans cash to other entities related by common ownership and those entities incur costs on behalf of the Company resulting in net related party receivables. As of December 31, 2022, and 2021, the net related party receivables were \$130,986, and \$121,754, respectively. As of December 31, 2023, the balance was \$750,000, which the Company converted into a note receivable. The terms of the note call for quarterly payments over five years beginning March 1, 2024. The note accrues interest at a rate of 1.99% annually.

*(i) Other Current Assets*

The Company has other current assets of \$29,383 and \$73,451 as of December 31, 2023 and 2022, respectively. These items consist of accrued royalty, advertising, and technology fee revenue as well as gift card revenue. The Company regularly assesses the carrying amounts of other current assets to ensure they are not overstated and are recoverable in the normal course of business. Any impairments or adjustments to the carrying amounts are recognized in the period in which they are identified.

*(j) Long-Lived Assets*

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount, and will be recognized in the period that the recognition criteria are first applied and met.

**FACE FOUNDRIÉ FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 (Restated), and 2021 (Restated)**

*(k) Intangible Assets*

The Company has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350, Intangibles - Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as franchise development costs) are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Software costs are amortized over five years using the straight-line method.

*(l) Gift Card Liability*

The Company processes gift card purchases for all locations and recognizes a gift card liability in the amount of the unredeemed gift cards as of year-end. The Company then reimburses each location when the gift cards are redeemed.

*(m) Revenue Recognition*

The Company’s primary revenues consist of initial franchise fees, and ongoing royalty and advertising fees from locations operated by franchisees. ASC 606, *Revenue from Contracts with Customers*, provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. The standard does not impact the Company’s recognition of royalties and ad fund contributions from locations operated by a franchisee, which are based on a percentage of net revenue and recognized at the time the underlying sales occur. The standard does change the timing for recognition of the Company’s initial franchise fees.

In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, advertising fees, and technology fees, and the Company’s performance obligations.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In January 2021, the FASB issued Accounting Standard Update (ASU) 2021-02, regarding revenue recognition for franchisors (a subtopic of revenue from contracts with customers). This standard is effective for periods beginning after December 15, 2020, with early adoption permitted. The standard applies to all non-public franchisors. This amendment introduces - ASC 952-606, *Franchisors—Revenue from Contracts with Customers* – a practical expedient that simplifies the guidance on identifying performance obligations. This practical expedient allows the franchisor to account for pre-opening services as distinct from the franchise license if the services are consistent with predefined services listed in this ASU. Also, ASU 2021-02 allows for an accounting election to be made by the entity to bundle and recognize all the pre-opening services as a single performance obligation. The practical expedient identifies the following non-exclusive list of general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:



**FACE FOUNDRIE FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 (Restated), and 2021 (Restated)**

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

Prior to 2023, the Company allocated the franchise between the pre-opening services obligation and the franchise license (recognizing the amount allocated to the license over the life of the underlying agreement). Effective for the year ended December 31, 2023, the Company has determined that the fair value of pre-opening services exceeds the initial fees received (see Note 10); as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue when those pre-opening services have been completed (generally upon commencement of operations).

*(n) Income Taxes*

The Company is structured as a limited liability company (LLC) under the laws of the state of Minnesota. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the 2022, 2021 and 2020 tax years were subject to examination.

*(o) Leases*

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)", with several subsequent amendments, which requires lessees to recognize the assets and liabilities that arise from operating and finance leases on the balance sheets, with a few exceptions. ASC 842 replaced the existing lease guidance in U.S. GAAP. The new lease guidance has been retroactively applied to the Company's leases as of January 1, 2022, which impacted how operating lease assets and liabilities were recorded on the balance sheet (see Note 11). The Company has a shared operating lease agreement with multiple related parties to lease warehouse and office space from the related parties common owner. The Company has reflected one third of the full lease arrangement in its financial statements to reflect the Company's share of the obligation. Were other related parties unable to meet their obligations, it is likely the Company would bear responsibility for the larger lease obligation.

# FACE FOUNDRIE FRANCHISING LLC

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2023, 2022 (Restated), and 2021 (Restated)

For lease agreements entered into subsequent to the adoption of ASC 842, the Company determines if an arrangement is a lease at inception. The Company's lease liabilities represent the obligation to make lease payments arising from the leases and right of use ("ROU") assets are recognized as an offset at lease inception. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Company's leases typically do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. If the Company's leases include options to extend the lease, the renewal options are not included in the minimum lease terms unless they are reasonably certain to be exercised. Rent expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term and is included in general and administrative expenses in the statements of operations.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options or to enter into new leases that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

#### *(p) Advertising Costs*

The Company expenses advertising costs as incurred. For the years ended December 31, 2023, 2022, and 2021, advertising expenses were \$158,797, \$125,286, and \$8,024, respectively.

#### *(q) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

#### *(r) Concentration of Risk*

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

#### **(2) Fixed Assets**

As of December 31, 2023, 2022, and 2021, the Company's fixed assets consist of the following:

|                          | 2023            | 2022            | 2021        |
|--------------------------|-----------------|-----------------|-------------|
| Equipment                | \$ 7,467        | \$ 7,466        | \$ -        |
| Accumulated depreciation | (2,437)         | (889)           | -           |
|                          | <u>\$ 5,030</u> | <u>\$ 6,577</u> | <u>\$ -</u> |

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,548 and \$889 respectively.

**FACE FOUNDRIE FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 (Restated), and 2021 (Restated)**

(3) Intangible Assets

Identifiable intangibles assets and their useful lives consist of the following as of December 31, 2023:

|                          | 2023             | 2022             | 2021        |
|--------------------------|------------------|------------------|-------------|
| Software                 | \$ 62,340        | \$ 42,340        | \$ -        |
| Accumulated amortization | (8,468)          | -                | -           |
|                          | <u>\$ 53,872</u> | <u>\$ 42,340</u> | <u>\$ -</u> |

Amortization expense associated with the intangible assets was \$8,468 for the year ended December 31, 2023. There was no amortization expense in 2022. Estimated amortization expense is \$12,468 for 2024-2027 and \$4,000 for 2028.

(4) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalty, advertising, and technology fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Face Foundrie system for a period of ten years. Under the Company's revenue recognition policy, the Company allocates the initial franchise fee to the pre-opening-services obligation, which is recognized when the pre-opening-services obligation has been fulfilled (generally when the franchisee begins operations). In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs. As of December 31, 2023, there was one agreement with related contract costs. The total deferred contract costs as of December 31, 2023, 2022 and 2021 were \$30,000, \$34,000, and \$38,000, respectively and for all years reported are classified as current.

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023, 2022, and 2021:

|                               | 2023                | 2022                | 2021              |
|-------------------------------|---------------------|---------------------|-------------------|
| Deferred revenue, current     | \$ 477,000          | \$ 131,147          | \$ 151,450        |
| Deferred revenue, non-current | 1,786,704           | 1,637,657           | 831,634           |
|                               | <u>\$ 2,233,704</u> | <u>\$ 1,768,804</u> | <u>\$ 983,084</u> |

(5) Accounts Payable

As of December 31, 2023, accounts payable totaled \$20,074, consisting of amounts owed to vendors and franchisees for goods received and services rendered in the ordinary course of business. Accounts payable primarily represent trade payables with credit terms ranging from 0-90 days. All payables are within the 60 day range as of December 31, 2023.

Accounts payable balances are recorded at their original invoiced amounts and are recognized as liabilities on the balance sheet until paid. The Company evaluates the carrying amount of accounts payable regularly to ensure they are properly valued and classified as current liabilities.

The Company did not have any significant concentrations of credit risk related to accounts payable as of December 31, 2023. Additionally, there were no material uncertainties regarding the timing or amount of future cash outflows associated with accounts payable.

**FACE FONDRIÉ FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023, 2022 (Restated), and 2021 (Restated)

(6) Accrued Expenses

Accrued expenses as of December 31, 2023, 2022 and 2021 consist of the following:

|                           | 2023             | 2022             | 2021             |
|---------------------------|------------------|------------------|------------------|
| Reimbursement payable     | \$ 10,049        | \$ -             | \$ -             |
| Professional fees payable | 21,230           | 5,495            | -                |
| Accrued payroll           | -                | 57,589           | 16,424           |
|                           | <u>\$ 31,279</u> | <u>\$ 63,084</u> | <u>\$ 16,424</u> |

(7) Credit Card Payable

As of December 31, 2023, 2022 and 2021, the Company had credit card balances payable totaling \$22,075, \$9,497, and \$20,377, respectively, which represent amounts owed to various credit card issuers for business-related transactions. These balances primarily consist of expenses incurred for purchases of supplies, services, and other operating expenses.

The Company closely monitors credit card balances and makes payments within the specified credit terms to avoid incurring additional costs such as interest charges or late payment penalties.

The Company recognizes credit card balances payable as liabilities on the balance sheet as their outstanding amounts. Any cash discounts or rebates received from credit card issuers are recorded as reductions to the respective expense accounts.

The Company did not have any significant concentrations of credit risk related to credit cards payable as of December 31, 2023, 2022, and 2021. Additionally, there were no material uncertainties regarding the timing or amount of future cash outflows associated with credit card balances payable.

(8) Operating Lease

The Company has a lease for office space that is classified as an operating lease. The Company entered into the lease agreement on January 1, 2022. The term of the lease is ten years without options to renew. Base monthly rent payments, which escalate 2% each year, are \$4,629 for the first year. The Company used an average loan interest rate of 7% as the incremental borrowing rate to extrapolate a rate to calculate the present value of the lease liability and right-of-use asset. This lease ends in December 2031.

The Company shares the leased office space with two related parties, affiliates. The total monthly lease payment that the three entities split in 2022 was \$13,888. In the years thereafter, it escalates 2% each year. The rent is split into thirds. Each entity pays their own share, there are no reimbursements as of December 31, 2023. The following table reflects one third of the total rent payments due, which is that portion of the rent attributable to the Company:

**FACE FOUNDRIÉ FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 (Restated), and 2021 (Restated)**

Maturities under the non-cancellable lease, for the Company's share are as follows as of December 31, 2023:

|                                  | <u>Rent Payments</u>     |
|----------------------------------|--------------------------|
| 2024                             | \$ 32,486                |
| 2025                             | 36,028                   |
| 2026                             | 39,850                   |
| 2027                             | 43,973                   |
| 2028 & thereafter                | <u>223,944</u>           |
| Total lease payments             | <u>\$ 376,281</u>        |
| Less: imputed interest           | <u>(57,888)</u>          |
| Present value of lease liability | <u><u>\$ 318,393</u></u> |

As of December 31, 2023, 2022 and 2021, the Company had the following operating lease liability:

|                                        | <u>2023</u>       | <u>2022</u>       | <u>2021</u> |
|----------------------------------------|-------------------|-------------------|-------------|
| Operating lease liability, current     | \$ 32,486         | \$ 29,204         | \$ -        |
| Operating lease liability, non-current | 343,795           | 376,281           | -           |
|                                        | <u>\$ 376,281</u> | <u>\$ 405,485</u> | <u>\$ -</u> |

(9) Change in Accounting Estimate - Revenue Recognition

During the years ended December 31, 2022 and 2021, the Company's revenue recognition policy under ASC 952-606, *Franchisors—Revenue from Contracts with Customers* was to allocate a portion of the initial franchise fee to certain pre-opening obligations, which is then recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the related franchise location). The remainder of the fee was allocated to the franchise license and amortized over the life of the franchise agreement.

During the year ended December 31, 2023, management re-evaluated its estimate of the standalone selling prices or fair market values of its pre-opening obligation. As a result of this re-evaluation, the Company determined the fair value of pre-opening services exceeds the initial fees received; as such, effective in 2023, the entire initial fee is allocated to the pre-opening services, and recognized as revenue upon completion of those pre-opening obligations (generally upon opening of the underlying franchise location). Management has determined that this change is necessary to more accurately match franchise fee revenues and expenses in accordance with generally accepted accounting principles (GAAP). The change in estimate has been accounted for prospectively from the beginning of the current reporting period, and as such, prior period financial statements have not been restated as a result of this change in estimate. Accordingly, in 2023 the Company recognized as revenue the remaining deferred revenue for all locations sold and opened prior to 2023. The net impact of this change was to recognize franchise fee revenue of \$356,642 in 2023.

(10) Correction of Errors

During the preparation of the financial statements for the year ended December 31, 2023, management identified errors in revenue recognition related to years ended December 31, 2021 and 2022. These errors resulted from incorrect timing of revenue recognition of franchise fee revenue. A portion of revenue attributable to services not yet performed was recognized incorrectly. In addition, management determined that under ASC 842 *Leases*, a related party lease for office and warehouse space should have been recorded in 2022. As a result, the previously reported financial statements for the years ended December 31, 2021 and 2022 have been restated to reflect the correction of these errors as follows:

**FACE FOUNDRIÉ FRANCHISING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023, 2022 (Restated), and 2021 (Restated)

|                       | 2021<br>As previously<br>reported | 2021<br>Restated | Change       |
|-----------------------|-----------------------------------|------------------|--------------|
| Franchise fee revenue | \$ 502,654                        | \$ 135,916       | \$ (366,738) |
| Deferred revenue      | \$ 616,346                        | \$ 983,084       | \$ 366,738   |

  

|                                    | 2022<br>As previously<br>reported | 2022<br>Restated | Change       |
|------------------------------------|-----------------------------------|------------------|--------------|
| Franchise fee revenue              | \$ 647,761                        | \$ 347,280       | \$ (300,481) |
| Deferred revenue                   | 1,155,707                         | 1,768,804        | 613,097      |
| Bad debt                           | 60,916                            | -                | (60,916)     |
| Operating lease right-of-use asset | -                                 | 400,209          | 400,209      |
| Operating lease liability          | -                                 | 405,485          | 405,485      |
| Rent expense                       | \$ -                              | \$ 60,828        | \$ 60,828    |

Management has reevaluated the effectiveness of internal controls over financial reporting in light of these errors and has implemented measures to prevent similar errors in the future.

(11) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(12) Subsequent Events

Management has reviewed and evaluated subsequent events through April 10, 2024, the date on which the financial statements were issued.

# Face Foundrié Franchising LLC

## Balance Sheet

As of February 29, 2024

|                                     | JAN 2024           | FEB 2024           |
|-------------------------------------|--------------------|--------------------|
| <b>ASSETS</b>                       |                    |                    |
| Current Assets                      |                    |                    |
| Bank Accounts                       | \$1,979,267        | \$1,804,619        |
| Accounts Receivable                 | \$47,977           | \$35,397           |
| Other Current Assets                | \$797,910          | \$996,067          |
| <b>Total Current Assets</b>         | <b>\$2,825,154</b> | <b>\$2,836,083</b> |
| Fixed Assets                        | \$57,875           | \$56,848           |
| Other Assets                        | \$396,507          | \$396,173          |
| <b>TOTAL ASSETS</b>                 | <b>\$3,279,535</b> | <b>\$3,289,105</b> |
| <b>LIABILITIES AND EQUITY</b>       |                    |                    |
| Liabilities                         |                    |                    |
| Current Liabilities                 | \$1,990,873        | \$1,958,488        |
| Long-Term Liabilities               | \$2,130,499        | \$2,058,499        |
| <b>Total Liabilities</b>            | <b>\$4,121,372</b> | <b>\$4,016,987</b> |
| Equity                              | \$ (841,836)       | \$ (727,882)       |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>\$3,279,535</b> | <b>\$3,289,105</b> |

## EXHIBIT F

### LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

| Franchisee                                  | Address/Email                     | Phone Number                    | City            | State      | Status       | Area Developer |
|---------------------------------------------|-----------------------------------|---------------------------------|-----------------|------------|--------------|----------------|
| Bonaire Holdings                            | sydney.scott@facefoundrie.com     |                                 | Phoenix         | Arizona    | Not yet open | *              |
| Sunny Side and Co LLC                       | 3950 E. Indian School Rd. #140    | (602) 688-0360                  | Phoenix         | Arizona    | Open         | *              |
| Josephine June LLC                          | 9774 W Northern Ave, STE 1430     | (602) 399-9786                  | Peoria          | Arizona    | Open         |                |
| Catalina Glow LLC                           | kristen.shruhan@facefoundrie.com  |                                 | Tucson          | Arizona    | Not yet open |                |
| Aloum Investments, LLC                      | townandcountry@facefoundrie.com   | (636) 220-8484                  | Rogers          | Arkansas   | Not yet open |                |
| BEXLEY BEAUTY, LLC                          | heidi.jacquin@facefoundrie.com    |                                 | Santa Rosa      | California | Not yet open | *              |
| Sunshine Springs, LLC                       | 1645 Briargate Parkway, Suite 231 | (719) 660-2130                  | Colorado Spring | Colorado   | Open         | *              |
| Face Foundrie Cherry Creek LLC <sup>1</sup> | 2630 E. 3rd Ave                   | (720) 357-3418                  | Denver          | Colorado   | Open         |                |
| KE Esthetics LLC                            | kristen.egan@facefoundrie.com     |                                 | Fort Lauderdale | Florida    | Not yet open | *              |
| KE Esthetics LLC                            | kristen.egan@facefoundrie.com     |                                 | West Palm Beach | Florida    | Not yet open |                |
| Brillea Haus, LLC                           | 121 8 <sup>th</sup> St. S.        | (239) 777-2013                  | Naples          | Florida    | Open         | *              |
| Brillea Haus III, LLC                       | 23101 Fashion Drive Unit #V1      | (239) 944-0287                  | Estero          | Florida    | Open         |                |
| Brillea Haus, LLC                           | naples@facefoundrie.com           | (239) 777-2013                  | Naples          | Florida    | Not yet open |                |
| Mary's Pearl, LLC                           | 711 N Alafaya Trail, Suite S06    | waterfordlakes@facefoundrie.com | Orlando         | Florida    | Not yet open | *              |
| Sarasota Faces, LLC                         | sarasota@facefoundrie.com         | (941) 226-9074                  | Tampa           | Florida    | Not yet open | *              |



|                                            |                                                   |                               |                 |           |                             |   |
|--------------------------------------------|---------------------------------------------------|-------------------------------|-----------------|-----------|-----------------------------|---|
| Sarasota Faces, LLC                        | 5231 University Parkway, Suite 118                | (941) 226-9074                | University Park | Florida   | Open                        |   |
| Norton Ave LLC                             | westmidtown@facefoundrie.com                      | (404) 229-2268                | Alpharetta      | Georgia   | Norton Ave LLC              | * |
| Norton Ave Star Metals, LLC                | 1055 Howell Mill Road, Suite 165                  | (404) 229-2268                | Atlanta         | Georgia   | Norton Ave Star Metals, LLC |   |
| WIBOMN Holdings, LLC                       | gabe.mlodzik@facefoundrie.com                     |                               | Boise           | Idaho     | Not yet open                | * |
| Nicole Dee BCK, LLC                        | 1721 North Damen Ave                              | (312) 788-0292                | Chicago         | Illinois  | Open                        | * |
| NICOLE DEE NPV, LLC                        | 223 South Main Street, Naperville, Illinois 60540 | (312) 788-0292                | Naperville      | Illinois  | Open                        |   |
| Nicole Dee WLP, LLC                        | 833 W. Washington Blvd.                           | (312) 788-4437                | Chicago         | Illinois  | Open                        |   |
| NICOLE DEE LNC, LLC                        | 2034 N Halsted St                                 | (312) 788-0292                | Chicago         | Illinois  | Not yet open                |   |
| NICOLE DEE, LLC                            | bucktown@facefoundrie.com                         | (312) 788-0292                | Chicago         | Illinois  | Not yet open                |   |
| Bhalin Corporation                         | 15966 Spring Mill Road, Suite B                   | westfield@facefoundrie.com    | Westfield       | Indiana   | Not yet open                | * |
| LEILU HOLDINGS LLC                         | 8635 River Crossing Blvd.                         | indianapolis@facefoundrie.com | Indianapolis    | Indiana   | Not yet open                |   |
| DSM Skin Solutions LLC                     | 5901 Mills Civic Parkway, Suite 3120              | (515) 499-6611                | West Des Moines | Iowa      | Open                        |   |
| Billious, LLC                              | birminghammi@facefoundrie.com                     | (248) 408-0069                | Detroit         | Michigan  | Not yet open                | * |
|                                            |                                                   |                               | Detroit         | Michigan  | Not yet open                |   |
|                                            | 700 N. Old Woodward Ave., Suite 202               | (248) 408-0069                | Birmingham      | Michigan  | Open                        |   |
| Face Foundrie Edina LLC <sup>1</sup>       | 3170 Galleria, #3170                              | (855) 959-3223                | Edina           | Minnesota | Open                        |   |
| Face Foundrie Maple Grove LLC <sup>1</sup> | 12163 Elm Creek Blvd N                            | (855) 959-3223                | Maple Grove     | Minnesota | Open                        |   |
| Face Foundrie NOLO LLC <sup>1</sup>        | 424 N. Washington Ave, Suite 103                  | (855) 959-3223                | Minneapolis     | Minnesota | Open                        |   |
| Dr Koz, L.L.C.                             | 9955 Hudson Pl., Ste. 540                         | (651) 478-0103                | Woodbury        | Minnesota | Open                        | * |
| Nicole Dee STP, LLC                        | 867 Grand Ave.                                    | (651) 260-4940                | Saint Paul      | Minnesota | Open                        | * |

|                                        |                                       |                             |                  |                |               |   |
|----------------------------------------|---------------------------------------|-----------------------------|------------------|----------------|---------------|---|
| SGSN Industries<br>Eden Prairie<br>LLC | 4190 108th Avenue, Suite 120          | (952) 479-7151              | Blaine           | Minnesota      | Not yet open  | * |
| SGSN Industries<br>South Metro<br>LLC  | 15662 Pilot Knob Road, Unit B         | (952) 236-8455              | Apple Valley     | Minnesota      | Open          |   |
| SGSN Industries<br>Wayzata LLC         | 643 Lake St. E.                       | (952) 479-7151              | Wayzata          | Minnesota      | Open          |   |
| Cattail Cosmetic<br>Company LLC        | 608 W 48th ST                         | kansascity@facefoundrie.com | Kansas City      | Missouri       | Not yet open  | * |
| Aloum Investments,<br>LLC              | 1236 Town and Country Crossing Drive  | (636) 220-8484              | Town and Country | Missouri       | Not yet open  | * |
| Aloum Investments,<br>LLC              | townandcountry@facefoundrie.com       | (636) 220-8484              | Saint Louis      | Missouri       | Not yet open  |   |
| Bonaire Holdings                       | sydney.scott@facefoundrie.com         |                             | Las Vegas        | Nevada         | Not yet open  | * |
| Viso di Vollero<br>Bridgewater LLC     | michael.vollero@facefoundrie.com      |                             | Bridgewater      | New Jersey     | Not yet open  | * |
| E K K Beauty LLC                       | 70 S. St.                             | (973) 524-4307              | Morristown       | New Jersey     | Open          |   |
| Lemon Yellow, LLC                      | 350 Fenton Gateway Drive, Suite 115   | (984) 363-1211              | Cary             | North Carolina | Open          | * |
| Blue Azure, LLC                        | cary@facefoundrie. Com                | (984) 363-1211              | Raleigh          | North Carolina | Note yet open |   |
| Blue Azure, LLC                        | cary@facefoundrie. Com                | (984) 363-1211              | Raleigh          | North Carolina | Note yet open |   |
| FF SOUTH END<br>LLC                    | 1932 Hawkins Street, Suite 3          | (980) 418-6075              | Charlotte        | North Carolina | Open          | * |
| FF Southeast, LLC                      | southend@facefoundrie.com             | (980) 418-6075              | Charlotte        | North Carolina | Not yet open  |   |
| FF Southeast, LLC                      | southend@facefoundrie.com             | (980) 418-6075              | Charlotte        | North Carolina | Not yet open  |   |
| Bismarck Fix LLC                       | 706 Kirkwood Mall, #205               | (701) 220-8367              | Bismarck         | North Dakota   | Open          | * |
| Dakota Fix LLC                         | 4582 32 <sup>nd</sup> Ave. S., Ste. B | (701) 793-9721              | Fargo            | North Dakota   | Open          |   |
| Face Foundrie KOP<br>LLC <sup>1</sup>  | 690 West Dekalb Pike, Suite 206       | (484) 612-9315              | King of Prussia  | Pennsylvania   | Open          |   |

|                                               |                                      |                              |                |                |              |   |
|-----------------------------------------------|--------------------------------------|------------------------------|----------------|----------------|--------------|---|
| Face Foundrie Lehigh LLC <sup>1</sup>         | 932 Lehigh Lifestyle Center          | 484-655-0728                 | Whitehall      | Pennsylvania   | Open         |   |
| FF Charleston King Street LLC                 | 562 King Street                      | (843) 814-4495               | Charleston     | South Carolina | Open         |   |
| FF Southeast, LLC                             | charleston@facefoundrie.com          | (843) 814-4495               | Charleston     | South Carolina | Not yet open | * |
| S&T Facial Bar LLC                            | 4011 W. 41 <sup>st</sup> St.         | (605) 809-5527               | Sioux Falls    | South Dakota   | Open         | * |
| The Salt & Light Project, LLC                 | 329 11 <sup>th</sup> Ave. S., Ste. 5 | (629) 241-9400               | Nashville      | Tennessee      | Open         | * |
|                                               | gulch@facefoundrie.com               | (629) 241-9400               | Nashville      | Tennessee      | Not yet open |   |
|                                               |                                      | (629) 241-9400               | Nashville      | Tennessee      | Not yet open |   |
| Face Foundrie South Congress LLC <sup>1</sup> | 1221 S. Congress Ave, Suite 110      | 512-702-0256                 | Austin         | Texas          | Open         |   |
| Face Foundrie West Village LLC <sup>1</sup>   | 3839 McKinney Ave, #157              | 214-907-7562                 | Dallas         | Texas          | Not yet open |   |
| Cattail Cosmetic Company LLC                  | 4709 Colleyville Blvd., Suite 570    | colleyville@facefoundrie.com | Colleyville    | Texas          | Open         | * |
| Cattail Cosmetic Company LLC                  | 4601 West Freeway, Suite 220         | chapelhill@facefoundrie.com  | Fort Worth     | Texas          | Not yet open |   |
| In Your Face, LLC                             | houston@facefoundrie.com             | (832) 530-4203               | Houston        | Texas          | Not yet open | * |
| In Your Face, LLC                             | houston@facefoundrie.com             | (832) 530-4203               | Houston        | Texas          | Not yet open |   |
| In Your Face, LLC                             | 16535 SW Fwy #1015                   | sugarland@facefoundrie.com   | Sugar Land     | Texas          | Not yet open |   |
| In Your Face, LLC                             | 5152 Buffalo Speedway                | 832-530-4203                 | Houston        | Texas          | Open         |   |
| Bonaire Holdings                              | 170 N. Union Avenue, F-100           | (385) 220-6170               | Farmington     | Utah           | Open         | * |
| Bonaire Holdings                              | sydney.scott@facefoundrie.com        |                              | Salt Lake City | Utah           | Not yet open |   |
| Skin & Soul LLC                               | 643 W. Ridgeview Dr.                 | (920) 364-9864               | Appleton       | Wisconsin      | Open         | * |
| Skin & Soul Milwaukee LLC                     | 326 N. Water St.                     | (414) 616-1441               | Milwaukee      | Wisconsin      | Open         |   |
| Skin & Soul Brookfield LLC                    | 17000 W Bluemound Rd Suite C         | (414) 616-1441               | Brookfield     | Wisconsin      | Not yet open |   |

## NOTES

- (1) This location is owned by one of our affiliates.

### FRANCHISEES WHO HAVE LEFT THE SYSTEM

| Name                              | City                   | State     | Phone Number   |
|-----------------------------------|------------------------|-----------|----------------|
| Jenny Taylor and Michael Schubert | Nashville              | Tennessee | (714) 713-4842 |
| Jess Dennis                       | Appleton,<br>Milwaukee | Wisconsin | (920) 716-1047 |

**EXHIBIT G**

**FORM OF RELEASE**

**GENERAL RELEASE**

[USED IN EVENT OF TRANSFER]

In consideration of the agreement of FACE FONDRIÉ FRANCHISING L.L.C. (“Franchisor”) to consent to the assignment by \_\_\_\_\_ (“Franchisee”) of its Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor (the “Agreement”), Franchisee hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective governors/directors, managers/officers, owners/shareholders, employees, and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors, and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE FRANCHISED BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

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

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

**EXHIBIT H**  
**STATE SPECIFIC ADDENDA**

**NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 - 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 - 20043, the franchise disclosure document of Face Foundrie Franchising L.L.C. in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. California Corporations Code § 31125 requires us to give you a disclosure document, in a form containing the information that the Commissioner of Financial Protection and Innovation of the California Department of Financial Protection and Innovation may by rule or order require, prior to a solicitation or a proposed material modification of an existing franchise.
2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

3. Item 3, "Litigation," shall be amended by the addition of the following language:

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

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The regulations of the California Department of Financial Protection and Innovation require that the following information concerning provisions of the franchise agreement be disclosed to you:

The California Franchise Relations Act provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C.A. §§ 101, *et seq.*

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

The franchise agreement requires the application of the laws of Minnesota. This provision may be unenforceable under California law.

The franchise agreement contains a waiver of punitive damages and a jury trial. These provisions may not be enforceable under California law. The franchise agreement requires binding mediation or arbitration. The mediation or arbitration will occur in the city closest to our principal executive office. These provisions may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws to the provisions of the franchise agreement restricting venue to a forum outside the State of California.



The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code § 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. California Corporations Code § 31512 voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code § 20010 voids a waiver of your rights under the California Franchise Relations Act.

5. OUR WEBSITE AT [www.facefoundrie.com](http://www.facefoundrie.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

6. THE FRANCHISE HAS BEEN/WILL BE REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

7. In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

8. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

9. 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.

10. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

### **ADDENDUM REQUIRED BY THE STATE OF HAWAII**

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

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

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE DEVELOPMENT AGREEMENT AND THE FRANCHISE AGREEMENT. THESE CONTRACTS OR AGREEMENTS SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The Franchise Agreement contains provisions requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

The Sections in the Franchise Agreement that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C. §101, et seq.).

Item 20 will be amended by the addition of the following paragraph:

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Agreements.

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

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

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

YOUR FAILURE TO COMPLETE THE INITIAL TRAINING PROGRAM ASSOCIATED WITH THIS FRANCHISE OPPORTUNITY TO THE FRANCHISOR'S SATISFACTION, CAN RESULT IN YOUR FRANCHISE BEING TERMINATED AND LOSS OF YOUR INVESTMENT.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF INDIANA**

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Minnesota law will abrogate or reduce any of your rights as provided for under Indiana law.

Item 8, “Restrictions on Sources of Products and Services,” is amended by the addition of the following language:

Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires arbitration to be held in the office of the American Arbitration Association closest to the location of our principal executive office, arbitration held under the Franchise Agreement or must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

Item 17 of this Disclosure Document is modified as follows:

The general release language required as a condition of renewal, sale and/or assignment or transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

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

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of your franchise.

To the extent that any provisions of the Franchise Agreement and/or Franchisee Disclosure Questionnaire require you to assent to any release, estoppel or waiver of liability as a condition to your purchasing a Face Foundrie franchise, such provisions are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF MINNESOTA**

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

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

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

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act or the Rules and Regulations are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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

### **ADDENDUM REQUIRED BY THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE

DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

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

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

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

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

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the State of New York and General Business Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA**

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise Agreement. These provisions may not be enforceable under North Dakota law.

Although the Franchise Agreement provide that the place of arbitration will be held at the American Arbitration Association office that is closest to the location of our principal executive office, we agree that the place of arbitration will be a location that is in close proximity to the site of your business.

The Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. These provisions may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Franchise Agreement provides that the Franchise Agreement will be governed by and construed in accordance with the laws of the State of Minnesota, we agree that the laws of the State of North Dakota will govern the Franchise Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Notwithstanding anything contained in the Franchise Agreement to the contrary, each party shall bear its own costs and expenses in connection with any enforcement action brought by either party under the Franchise Agreement.

To the extent any provisions of the Franchise Agreement or requires you to consent to a waiver of exemplary or punitive damages, these provisions will be deleted from the Agreements.

To the extent any provisions of the Franchise Agreement requires you to consent to a waiver of trial by jury, these provisions will be deemed null and void.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND**

Even though our Franchise Agreement says the laws of Minnesota apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF SOUTH DAKOTA**

Except as may be described in Item 3 of this Disclosure Document, neither we nor any person identified in Item 2 of this Disclosure Document has any material arbitration proceeding pending, or has during the 10 year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

Although the Franchise Agreement requires all arbitration proceedings to be held in the office of the American Arbitration Association closest to the location of our principal executive office, the site of any arbitration started under the Franchise Agreement will be at a site mutually agreed upon by you and us.

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty or advertising payments unless you receive 30 days prior written notice from us and you are provided with an opportunity to cure the defaults.

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Minnesota.

Any provisions in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Face Foundrié Franchising L.L.C. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h. for the Franchise Agreement:

“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 or development agreement does not constitute “reasonable cause,” as that term is defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

### **ADDENDUM REQUIRED BY THE STATE OF WASHINGTON**

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

If any of the provisions in this Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act will prevail over the inconsistent provisions of this Disclosure Document and the Franchise Agreement with regard to any franchise sold in Washington.

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

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

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

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

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



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

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

#### **ADDENDUM REQUIRED BY THE STATE OF WISCONSIN**

Item 17 of the Disclosure Document is amended by the addition of the following paragraph:

“For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Wisconsin Stats. 1981-82, provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.”

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Law or the Rules and Regulations promulgated thereunder are met independently without reference to this addendum to the Franchise Disclosure Document.

## EXHIBIT I

### STATE EFFECTIVE DATES AND RECEIPTS

#### STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| State      | Effective Date   |
|------------|------------------|
| California | Pending          |
| Michigan   | See Separate FDD |
| Minnesota  | Pending          |
| New York   | Pending          |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## **RECEIPT**

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Face Foundrié Franchising L.L.C. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If applicable, Iowa law and New York law require us to provide you with this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a franchise or other agreement with, or pay any consideration to, us or an affiliate in connection with the proposed sale. If applicable, Michigan law requires that we provide this disclosure document to you at least 10 business days before the execution of any binding franchise or other agreement with, or the payment of any consideration to, us or an affiliate, whichever occurs first.

If Face Foundrié Franchising L.L.C. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Michele Henry and Lorelee Onstad, Face Foundrié Franchising L.L.C., 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, (855) 959-3223; and

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The issuance date of this Franchise Disclosure Document is April 12, 2024.

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Face Foundrié Franchising L.L.C. dated as of April 12, 2024, that included the following Exhibits:

|   |                                                                                  |   |                                    |
|---|----------------------------------------------------------------------------------|---|------------------------------------|
| A | State Agencies and Administrators and Franchisor’s Agents for Service of Process | E | Financial Statements               |
| B | Franchise Agreement                                                              | F | List of Franchisees                |
| C | Area Development Agreement                                                       | G | Form of Release Agreement          |
| D | Operations Manual Table of Contents                                              | H | State Specific Addenda             |
|   |                                                                                  | I | State Effective Dates and Receipts |

### PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

\_\_\_\_\_  
(Name of corporation or LLC)

If an individual:

\_\_\_\_\_  
(Signature)

By:\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Its:\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

Address of corporation, LLC, or individual(s):\_\_\_\_\_

Dated: \_\_\_\_\_

**OUR COPY- RETURN TO US**

## RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Face Foundrie Franchising L.L.C. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If applicable, Iowa law and New York law require us to provide you with this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a franchise or other agreement with, or pay any consideration to, us or an affiliate in connection with the proposed sale. If applicable, Michigan law requires that we provide this disclosure document to you at least 10 business days before the execution of any binding franchise or other agreement with, or the payment of any consideration to, us or an affiliate, whichever occurs first.

If Face Foundrie Franchising L.L.C. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Michele Henry and Lorelee Onstad, Face Foundrie Franchising L.L.C., 6446 Flying Cloud Drive, Eden Prairie, Minnesota 55344, (855) 959-3223; and

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The issuance date of this Franchise Disclosure Document is April 12, 2024.

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Face Foundrie Franchising L.L.C. dated as of April 12, 2024, that included the following Exhibits:

|   |                                                                                  |   |                                    |
|---|----------------------------------------------------------------------------------|---|------------------------------------|
| A | State Agencies and Administrators and Franchisor’s Agents for Service of Process | E | Financial Statements               |
| B | Franchise Agreement                                                              | F | List of Franchisees                |
| C | Area Development Agreement                                                       | G | Form of Release Agreement          |
| D | Operations Manual Table of Contents                                              | H | State Specific Addenda             |
|   |                                                                                  | I | State Effective Dates and Receipts |

### PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

\_\_\_\_\_  
(Name of corporation or LLC)

If an individual:

\_\_\_\_\_  
(Signature)

By:\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Its:\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

Address of corporation, LLC, or individual(s):\_\_\_\_\_

Dated: \_\_\_\_\_

**YOUR COPY- RETAIN FOR YOUR FILES**