

FRANCHISE DISCLOSURE DOCUMENT



SKIN EXPERTS BY BRENTWOOD SPA FRANCHISE INC.

(a Delaware corporation)

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

(925)390-5505

www.skinexperts.com

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

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

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

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

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

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

Issuance Date: February 5, 2024

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and arbitration only in New York, New York. Out-of-State mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or arbitrate with us in New York than in your own state.
2. **General-Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
7. **Use of Franchise Brokers.** The Franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the Franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the Franchisor's current and former franchisees to ask them about they experience with the Franchisor.

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

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EXHIBIT A

CONTRACTS

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

Definitions

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

The Franchisor

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

Our Parents, Predecessors and Affiliates

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

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

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

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

Type of Fee	Amount	Due Date	Remarks ¹⁻⁶
	allowed by the state where you are located		
Indemnity Costs	Depends upon the size of the loss for which you are required to indemnify us	Upon demand.	You must indemnify us when certain of your actions result in a loss to us. See Sections 7(i) and 19(a), (b) and (l) of the Franchise Agreement.
Liquidated Damages	<p>An amount equal to your Continuing Fee for the lesser of the remaining term or 36 months, plus the average monthly gross margin that we and our Affiliates made on product, equipment and device sales to you in the last six months of your operations multiplied by the lesser of the remaining months in the term or 36 months.</p> <p>\$25 to \$500 (per week per violation)</p>	<p>If we terminate the Franchise Agreement with cause or you terminate the Franchise Agreement without cause.</p> <p>Within 10 days of receipt of notice of violation from us.</p>	<p>This fee is subject to state law.</p> <p>These liquidated damages are payable for violations of our standards as set out in the Franchise Agreement and the Manuals.</p>
Evaluation of a New Supplier	Our costs incurred when evaluating a potential new supplier	When incurred.	We have no obligation to approve new suppliers for the products, equipment, and devices that we resell to you.
Local and Online Marketing Fees	\$3,500 per month.	When incurred.	These fees will be used for digital marketing, advertisements in local newspapers and other

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

Notes:

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

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	(Low)	(High)			
Accounting ¹³	Spa) \$5,000 (existing Spa)	Spa \$8,000 (existing Spa)	arranged	beginning operations	accountant
Licenses and Permits ¹⁴	\$500 (new Spa) \$0 (existing Spa)	\$1,500 (new Spa) \$0 (existing Spa)	As arranged	Before beginning operations	Licensing authorities
Employee Wages ¹⁵	\$21,000 (for first three months)	\$60,000 (for first three months)	Direct Deposit	Bi-weekly, beginning upon hiring	Employees
Additional¹⁶ Additional Funds¹⁶	\$5,000	\$10,000	As arranged	As necessary	Various
TOTAL ¹⁷	\$585,600 (new Spa) \$375,100 (existing Spa)	\$865,100 (new Spa) \$596,100 (existing Spa)			

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

Notes:

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

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

3. Initial Training Program. Prior to the opening of the Franchised Business, we will provide you with an Initial Training Program. The Initial Training Program consist of (i) an online training course of up to 30 hours in duration which will be made available to you, and your employees as they are hired, and (ii) in-person training at one of our corporate-owned or franchised spas of up to 10 days in duration for you (or Principal Owner), your general manager and lead esthetician, which cumulatively cover all aspects of the Franchised Business. Attendance is mandatory. You may bring additional employees to the in-person training, but we reserve the right to charge additional fees for extra attendees. You are responsible for all travel and living expenses and all wages and benefits payable to any trainee and no wages or benefits will be payable by us to any such trainee for any service rendered during training. The amount represented is our estimate of the travel, accommodation and living expenses while you (or Principal Owner), your

general manager and lead esthetician, as applicable, attend in-person training. Employee wages and benefits are extra.

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

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

6. Equipment. ~~See Item 5.~~ You must purchase skincare equipment and devices for use at the Spa from our affiliate, SHCI, prior to opening, including LED Face Panels (Red and Green), Ultrasonic Spatula, Oxygen Infusion Machine, 20 HZ Pro Microcurrent, 360 Toner, DermaDisc, Eye Rollers, Glide N' Glow, Skin Energizer, Gua Sha Tool, High Frequency Ozone, Skin Enhancer, Eye & Lip Enhancer, Skin Exfoliators, LED Body Pads (Small, Medium, or Large), and Waxing Equipment.

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

8. Inventory. ~~See Items 5 and 6.~~ You must purchase an opening inventory (including our QUL branded skincare products for use at the Spa and for resale and certain skincare equipment and devices for resale) from our affiliates, SEPI and SHCI, prior to opening. Products to be sold include moisturizers, cleansers, toners, SPF, serums, primers, and masks. Products for esthetic use include moisturizers, cleansers, toners, SPF, serums, primers, masks, peels, and other miscellaneous skin care products. Equipment and devices to be sold include Eye Rollers, Glide N' Glow, Skin Energizer, Gua Sha Tool, High Frequency Ozone, Skin Enhancer, Eye & Lip Enhancer, and Skin Exfoliators.

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

10. Pre-opening Branding and Promotion. You are required to spend between \$15,000 and \$20,000 on a pre-opening and opening branding and promotional campaign for the

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

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

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

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

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

17. Total / Working Capital. ~~In compiling this chart, we relied on our and our affiliates' industry knowledge and experience. We do not finance any of these items.~~ You are required to have opening working capital of approximately \$20,000 to \$50,000 (of which at least 75% should consist of cash with no more than 25% being other liquid assets) to cover operating expenses in the start-up phase, including payments to us, our affiliates, other suppliers, and employees. We estimate the start-up phase to be 3 months from the Start Date. ~~Additional funds may be required to finance operations until a positive cash flow is produced.~~

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

~~Your purchase and sale of certain goods or services as required is an essential element of your compliance with the Franchise Agreement and the Manuals and your failure to do so is a breach of the Franchise Agreement and may result in your loss of material benefits, up to and including the termination of the Franchise Agreement.~~

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation ~~of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.~~ We may arrange sources of financing for you but will not receive any fee consideration for doing so.

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

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

Franchisor's Assistance

Before the Franchised Business opens, we will:

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

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

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

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

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

During the operation of the Franchised Business, we will:

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

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

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

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

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

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

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

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

Advertising

General

~~You have the right to conduct branding and promotions in respect of the Franchised Business using reasonable discretion and provided that (see Franchise Agreement Section 9(a)):~~

~~(i) You brand and promote only in a manner that will reflect favorably on us, you, the Services and their good name, goodwill and reputation;~~

~~(ii) You may use your own branding and promotional material;~~ however, you must submit it to us for its approval, which approval will not be unreasonably withheld or unduly delayed, and you do not use this branding and promotional material until such time as we give our prior written approval to the use of such branding and promotional material; [\(see Franchise Agreement Section 9\(a\)\)](#).

~~(iii) You hereby acknowledge that we are the sole and exclusive owner of all copyrights and any and all branding and promotional material prepared by or on behalf of us or you and such materials will at all times remain our property; and~~

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

Pre-opening Branding and Promotion

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

Local and Online Marketing

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

General Branding Fund

If and when we implement it, you are required to contribute to our branding and promotion fund (the “**Fund**”) in an amount of 2% of your Gross Sales (the “**Branding Fee**”) (see Franchise Agreement Section 9(b)). The purpose of the brand fund is to promote and enhance the brand across the system. The Fund is administered by us and will be used and spent on, without limitation, media costs, commissions, market research costs, creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to branding and promotional programs undertaken by us. We may administer

programs of a local, regional or national nature. We are not required to spend any amount from the Fund, or any other source, on advertising in your Territory. You may not receive a proportionate benefit from our branding or promotion programs. We reserve the right to place and develop such branding and promotions and to market them as agents for and on your behalf, either directly in-house or through a branding agency retained or formed for such purpose. The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of the Fund and its branding programs (including, without limitation, conducting market research). Any spa ~~branding~~branded SKIN EXPERTS by Brentwood Spa that is owned by us or our affiliates will contribute to the Fund at the same rate and in the same manner as franchisees. An unaudited statement of the operations of the Fund will be prepared annually and will be made available to you upon your request, the cost of such statement to be paid by the Fund. Funds not used in a particular year will be carried forward to future years. The Fund will not be used for advertising or marketing activities whose principal purpose is to solicit new franchises, but we reserve the right to include a notation in any advertisement or website indicating that franchises are available or a link to our franchising webpage. [Unless we implement the Fund, we have no obligation to conduct advertising.](#)

Regional Branding Cooperative

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

Franchise Advisory Council

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

Initial Training Program

We will provide you and certain of your employees, prior to the opening of the Franchised Business, with (i) an online training course of up to ~~7130~~ 8980 hours in duration which will be made available to you, and your employees as they are hired, and (ii) in-person training at one of our corporate-owned or franchised Spas of up to 8980 hours in duration (approximately 10 days) for you (or Principal Owner), your general manager and lead esthetician, which cumulatively cover all aspects of the Franchised Business (the “**Initial Training Program**”) (see Franchise Agreement Section 5(a)). Online training should be completed approximately 30 days before the Spa opens, except employees (other than you, your general and lead esthetician) may complete on-line training any time before opening. In-person training should be completed approximately 14 days before the Spa opens. You will be responsible for all related travel and living expenses and all wages and benefits payable to any trainees; no wages or benefits will be payable by us to any trainee for any service rendered by them during training.

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

Subject	Hours of Online Training	Hours of On-The-Job Training	Location
Communicating with Clients	4	4	Corporate & Franchisee Spa
Service Protocols	3	3	Corporate & Franchisee Spa
Customer Data Input	2	4	Corporate & Franchisee Spa
Gift Card Training	1	1	Corporate & Franchisee Spa
Membership Training	2	4	Corporate & Franchisee Spa
Review Operations Reports	2	2	Corporate & Franchisee Spa
Inventory Management	2	4	Corporate & Franchisee Spa
Shop Cleaning and Maintenance	1	2	Corporate & Franchisee Spa
Marketing, Advertising, and Grand Opening Plan	4	2	Corporate & Franchisee Spa
Accounting: P&L and Invoices	1.5	0	Corporate & Franchisee Spa
Setting Your Goals	2	1	Corporate & Franchisee Spa
TOTAL	71 hours	89 hours	

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

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

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

inability to effectively manage the Franchised Business, then we may terminate the Franchise Agreement.

Additional Assistance and Training

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

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

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

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

Operating Assistance

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

Site Selection

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

(i) you will identify a location from within an area that we have set out in Schedule A (the "Premises Selection Area"). Within 120 days after the Effective Date (the "Premises Approval Period"), you must obtain our written consent for a location in the Premises Selection Area and execute a lease (or otherwise secure use of) the approved location for the Spa. ~~We, in our sole discretion, reserve the right to modify the Premises Selection Area. If you are in full compliance with the Franchise Agreement, we and our affiliates will not operate, or license others to operate Franchised Businesses in the Premises Selection Area during the Premises Approval Period. We reserve all rights in the Premises Selection Area that we reserve with respect to the Territory as described in Section 2(g) of the Franchise Agreement. The restrictions contained in Section 2(j)(i) of the Franchise Agreement do not apply to Spas under construction or in operation in the Premises Selection Area as of the effective date of the Franchise Agreement.~~

~~(ii) You assume all cost, liability, and expense for locating and securing a location for the Spa and constructing, equipping, and furnishing the Spa in accordance with our System standards at the approved location. We~~ will assist you in your premises selection by providing you with our location selection guidelines and criteria, and sources to obtain demographic information on proposed locations. ~~You must obtain our written consent for the location before you make any binding commitments related to the location.~~ If you do not identify a location acceptable to us in writing [within the Premises Selectin Area](#) during the [SitePremises](#) Approval Period, either you or we may terminate the Franchise Agreement and we will refund you \$10,000 of the Initial Franchise Fee.

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

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

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

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

~~(vii) Once we approve a location for the Spa in writing, your rights with respect to the Premises Selection Area will terminate and your territorial rights will be limited to those in Section 2(f) of the Franchise Agreement.~~

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

Opening of Franchised Business

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

ITEM 12. TERRITORY

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

You are granted a protected territory as set out on a map in Schedule “A” of the Franchise Agreement, subject ~~only to the~~ to certain exceptions described ~~below~~ in the Franchise Agreement. The boundaries of the protected territory will be determined based on a number of factors, which may vary from one location to the next, but the protected territory will contain a population of approximately 200,000 persons; provided that, it will not extend more than 30 miles from the location even if the population is less than 200,000 persons.

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

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

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

brands that we or our affiliates control ~~if we subsequently acquire them or we are subsequently acquired.~~

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

- ~~(i) product sales to distributors and retailers for resale at locations, or to customers who reside, in the protected territory; and~~
- ~~(ii) product sales made directly to customers who reside in the protected territory through the Internet or similar electronic media; ~~provided that, we will pay you a commission of 10% of the actual price (excluding taxes and delivery costs) for such product sales, in accordance with our Internet Sales Policy;~~~~

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

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

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

The current Minimum Performance Requirements are:

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

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

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

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

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

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

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

We do not operate₂ and do not have any current plans to operate₂ a ~~Competitive Business~~competitive business under a different trademark.

ITEM 13. TRADEMARKS

You receive the right to operate your business under the name, SKIN EXPERTS by Brentwood Spa®, which is the primary Mark used to identify our System. You may also use any other current or future Marks that we designate to operate your Franchised Business, including

Skin Experts By Brentwood Spa Franchise Inc.
Franchise Disclosure Document

and 5 year post-term non-compete provisions under Sections 13 (a) and (b) of the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

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

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

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

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

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

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

		Business; (iii) have not committed 2 or more defaults in the past 24 months whether or not timely cured; (iv) timely execute our then-current Franchise Agreement and an addendum to our-then current Franchise Agreement in a form the same or similar to the Addendum (To Franchise Agreement Upon Renewal) attached in Exhibit A of this Disclosure Document, which may contain materially different terms and conditions and identifying those provisions of the Franchise Agreement that are not applicable upon renewal; (v) pay a renewal fee; and (vi) sign a general release in a form the same as or similar to the General Release in Exhibit A to this Disclosure Document; and (vii) at our discretion attend additional training.
d. Termination by franchisee	Not applicable	Subject to state law.
e. Termination by franchisor without cause	Not applicable	If you don't renew, the Franchise Agreement will terminate at expiration of the Term.
f. Termination by franchisor with cause	Section 16	We may terminate the Franchise Agreement only upon the happening of an event of termination or upon the default under the terms of another franchise agreement within our System. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. "Cause" defined – curable defaults	Sections 1, 16(i)	Cause Subject to applicable state law, cause for termination that may be cured is violation of any provision of the Franchise Agreement, except for those that are non-curable or that are not reasonably susceptible to cure. Under the cross-default provision, cause to terminate the Franchise Agreement also includes any circumstance that would give rise to a terminable default under any other franchise agreement between us or our affiliate and you or an entity that is majority-owned by one or more of your owners if you are an entity.
h. "Cause" defined – non-curable defaults	Sections 1, 16(a)(ii)	Subject to applicable state law, Non-curable defaults: (i) failure to timely commence or satisfactorily complete our Initial Training Program; (ii) Franchised Business is not open 30 days after completion of our Initial Training Program or by the Start Date, as applicable; (iii) failure to either obtain all permits, certificates or licenses by the first day of the sixth calendar month following the Effective Date or diligently pursue licenses as reasonably determined by us; or fail to properly maintain such permits, certificates or licenses; (iv) dishonest, criminal or unethical behavior; (v) failure to operate the Franchised Business continuously during the Term during normal hours of operation or cease communications with us; (vi) if you cease or threaten to cease to carry on business or take or threaten to take any action to liquidate assets or stop making payments in the ordinary course; (vii) make a general assignment for the benefit of creditors of the Franchised Business; (viii) a bulk sale of assets; (ix) initiate a proceeding relating to insolvency or bankruptcy; (x) a custodian, receiver,

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

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

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

ITEM 18. PUBLIC FIGURES

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

however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Operating Officer, Shaya Mulcahy, at 8605 Santa Monica Blvd., Unit #63174, West Hollywood, California 90069-4109, (925)390-5505; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 21. FINANCIAL STATEMENTS

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

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ITEM 22. CONTRACTS

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

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

ITEM 23. RECEIPTS

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

Franchise Agreement

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

Background

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

officers, as applicable. In addition, we may require as a condition precedent to the granting of our consent that:

- (1) as of the date of your request for consent and as of the effective date of a Transfer, there will be no Default in the performance or observance of any of your obligations under this Agreement or any other agreement between you and us or any our Affiliates or your or our suppliers including, without limitation, the requirement to give advanced notice of any Transfer;
- (2) you will have settled all outstanding accounts with us, our Affiliates and all other trade creditors of the Franchised Business up to the date of closing of the proposed Transfer;
- (3) you will have delivered to us a complete release of us, our Affiliates and our and their owners, directors, officers and employees, agents and representatives from all obligations or claims relating to or arising under this Agreement of any such persons, in a form satisfactory to us;
- (4) the proposed transferee will have entered into a written assignment, in a form prescribed by us or, at our option, executed a new franchise agreement in the then-current form being used by us, which may provide for, among other changes, a higher continuing fee, a royalty, and for greater expenditures for branding and promotion than are provided in this Agreement, a general release in favor of the us, our Affiliates and our and their owners, directors, officers and employees, agents and representatives and will have executed such other documents and agreements as are then customarily used by us in the granting of franchises;
- (5) the proposed transferee will have provided guaranties, in a form acceptable to us, from anyone whom we may request, ~~guaranteeing~~guarantying the proposed transferee's performance of the transferee's obligations under the agreements to be entered into;
- (6) the proposed transferee completing, to our satisfaction, such training in the operations of the Franchised Business, at the proposed transferee's or your sole expense, as we may require;
- (7) the proposed transferee providing, to our satisfaction, a business plan indicating that the proposed transferee possesses the required level of business experience and acumen necessary in the operation of the Franchised Business;
- (8) the purchase price to be paid to you by the proposed transferee is reasonable in the circumstances; and

EXHIBIT A – PERSONAL GUARANTY

See Attached

PERSONAL ~~GUARANTEE~~GUARANTY

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

1. ~~Guarantee~~Guaranty of Obligations.

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

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

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

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

Obligations from Guarantor at any time or from time to time, whether or not Company shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this ~~Continuing Guarantee~~Personal Guaranty; or (vi) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific Waivers.

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

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

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

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

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

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Company of any right or remedy

shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this ~~Continuing Guarantee~~Personal Guaranty be binding upon Company, except as expressly set forth in a writing signed by Company. No action of Company permitted under this ~~Continuing Guarantee~~Personal Guaranty shall in any way affect or impair the rights of Company or the obligations of Guarantor under this ~~Continuing Guarantee~~Personal Guaranty.

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

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

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

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

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

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

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

12. Governing Law. This ~~Continuing Guarantee~~Personal Guaranty has been delivered and shall be governed by and construed in accordance with the internal laws (as opposed to the conflicts of law provisions) of the State of Delaware. Wherever possible each provision of this ~~Continuing Guarantee~~Personal Guaranty shall be interpreted as to be effective and valid under applicable law, but if

any provision of this ~~Continuing Guarantee~~Personal Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this ~~Continuing Guarantee~~Personal Guaranty.

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

14. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS ~~CONTINUING GUARANTEE~~PERSONAL GUARANTY.

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

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

(signature page to follow)

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

Guarantor:

[Print Name]

Guarantor:

[Print Name]

MARYLAND

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

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

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

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

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 5 and 7 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that initial franchise fees will be paid by you when we have satisfied our initial obligations to you under the Franchise Agreement and you are ready to begin operating the Franchised Business.

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

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

MARYLAND

MINNESOTA

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

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

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

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

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

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

[“The service charge for Insufficient Funds Fee checks is reduced to \\$30 in accordance with Minnesota Statute 604.113.”](#)

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

MINNESOTA

SOUTH DAKOTA

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

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

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

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

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

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

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

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

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

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

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franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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

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

"Consent to transfer shall not be unreasonably withheld."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



SKIN EXPERTS
by Brentwood Spa

FINAL DISCLOSURE QUESTIONNAIRE

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

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

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

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

Tick one: Yes _____ No _____

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

Tick one: Yes _____ No _____

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

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

Tick one: Yes _____ No _____

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

Exhibit B

Financial Statements

~~See attached.~~

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

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

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

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