

## FRANCHISE DISCLOSURE DOCUMENT



**Oakwell Franchising, LLC**  
a Colorado Limited Liability Company  
3004 N. Downing Street  
Denver, Colorado 80205  
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www.oakwell.com

We offer prospects the right to independently own and operate a business (each, a “**Franchised Business**”) that provides (a) private spa suites, (b) day spa services including infrared sauna therapy, hydrotherapy, and massage, (c) a taproom serving alcoholic and non-alcoholic beverages, and (c) retail sales of bath, body, and home goods products under our then-current proprietary marks (the “**Proprietary Marks**”) and utilizing our developed system of operations (the “**System**”) that we license under our then-current form of franchise agreement (the “**Franchise Agreement**”).

The total investment necessary to open and commence operation of a single Franchised Business is \$1,285,700 to \$2,537,300, which includes between \$90,000 to \$95,000 that is paid to us or our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jessica Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing St., Denver, CO 80205, or at (720) 282-0058.

The terms of your Franchise Agreement will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your Franchise Agreement. Read all of your Franchise Agreement carefully. Show your Franchise Agreement 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: November 1, 2025

## How to Use This Franchise Disclosure Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Oakwell Beer Spa business in my area?</b>	Item 12 and the "territory" provisions in the Franchise Agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchise have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an Oakwell Beer Spa franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experience.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

## **What You Need to Know About Franchising, Generally**

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

**Business model can change.** The Franchise Agreement may allow the franchisor to change its operations Manuals (the “Manuals”) and business model without your consent. These changes may require you to make additional investments in your Franchised Business or may harm your Franchised Business.

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

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

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

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

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

### **Some States Require Registration**

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

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

### **Special Risks to Consider About This Franchise**

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your Franchised Business fails. If you are an entity, then each of your owners and, at our option, their respective spouses must sign such a document.

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

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

To simplify the language of this Disclosure Document, “Franchisor,” “we,” “us,” or “our” refers to Oakwell Franchising, LLC, the franchisor. “Franchisee,” “you,” or “your” refers to the franchisee who enters into a Franchise Agreement and, if applicable, development agreement with us. The franchisee may be a person, corporation, partnership, or limited liability company. If the franchisee is a corporation, partnership, limited liability company, or other entity, “you” and “your” include the principals of the corporation, partnership, limited liability company, or other entity.

### **Franchisor**

We are a Colorado limited liability company formed in January 2025 with a business address at 3004 N. Downing Street, Denver, CO 80205. We do business only under our corporate name, as well as our then-current Proprietary Marks, including our current primary mark “Oakwell Beer Spa”. We first began offering franchises as of the issuance date of this Disclosure Document. We have not directly owned or operated any businesses that operate in a substantially similar manner to the Franchised Business offered in this Disclosure Document.

We have never offered franchises in any other line of business. Except as provided in this Item, we do not and have not engaged in any business activities or any other line of business other than as described in this Disclosure Document. Our agents for service of process are listed in Exhibit A.

### **Predecessor(s), Parent(s), Affiliate(s)**

We do not have any predecessors that require disclosure in this Item.

Our parent company is Oakwell Holdings, LLC (“**Holdings**”), a Colorado limited liability company formed in September 2022 with a business address at 3004 N. Downing Street, Denver, CO 80205. As of the Issuance Date of this Disclosure Document, Holdings has not offered or sold franchises in any line of business and is not involved in any other material business activities.

Our affiliate, Oakwell Cosmetics, LLC (“**Affiliate Supplier**”) f/k/a Snug Cosmetics, LLC, is a Colorado limited liability company formed in December 2020 with a business address at 3004 N. Downing Street, Denver, CO 80205. Affiliate Supplier is our System’s sole approved supplier of certain products offered for retail sale or otherwise used in business operations by our franchisees and by our affiliate-owned units, including but not limited to bath and body products, home goods, and branded apparel.

Our affiliate, Oakwell IP, LLC (“**OIP**”) is a Colorado limited liability company formed in September 2022 with a business address at 3004 N. Downing Street, Denver, CO 80205, which develops, owns, and licenses certain intellectual property, including our current primary mark “Oakwell Beer Spa,” to us, which we in turn license to our System franchisees and to our affiliate entities for the use and benefit of our System.

We also have two affiliates, namely (i) Oakwell RiNo, LLC f/k/a The Beer Spa Company, LLC, a Colorado limited liability company formed in January 2019 with a business address at 3004 N. Downing Street, Denver, CO 80205, and (ii) Oakwell SDen, LLC, a Colorado limited liability company formed in September 2022 with a business address at 3004 N. Downing Street, Denver, CO 80205, which own and operate our two (2) affiliate-owned Spas (“**Affiliate-Owned Spas**”) in Denver, Colorado and Highlands Ranch, Colorado, respectively.

Except as otherwise disclosed above, we do not have any other affiliates that require disclosure in this Item.

## **Description of the Franchised Business**

We grant franchises for the right to independently own and operate a Franchised Business, each of which provides (a) private spa suites, (b) day spa services including infrared sauna therapy, hydrotherapy, and massage, (c) a taproom serving alcoholic and non-alcoholic beverages, and (c) retail sales of bath, body, and home goods products under our Proprietary Mark “Oakwell Cosmetics.” You must operate your Franchised Business under our then-current Proprietary Marks and system of business operations (the “**System**”).

Our System is comprised of various proprietary and, in some cases, distinguishing elements such as: (i) proprietary methodology and procedures for the operation of your Franchised Business; (ii) instructions and standards regarding the use and provision of equipment that is utilized at your Franchised Business; (iii) established relationships with suppliers of certain products and services you will need to purchase and utilize in connection with the development and/or ongoing operation of your Franchised Business; (iv) pre-opening and ongoing training; (v) site selection guidelines and criteria for your Franchised Business Premises; (vi) standards and specifications for the design, layout, and construction of the interior and exterior of a typical Franchised Business (collectively, “**Construction Standards Guide**”); (vii) standards and specifications associated with trade dress and décor of a typical Franchised Business; (viii) standards and specifications for the furniture, fixtures, equipment, and supplies that must be utilized in connection with the Franchised Business; (ix) procedures for store management and quality control; (x) systems for ongoing operational assistance, and (xi) standards and specifications for marketing, advertising, bookkeeping, sales, and other aspects of operating a Franchised Business. We may change, improve, further develop, or otherwise modify the System from time to time, as we deem appropriate in our discretion.

You must operate your Franchised Business under our then-current Proprietary Marks and use other trade names, service marks, trademarks, logos, and other symbols we designate, or may later designate, in writing for use in the System.

Your Franchised Business may only offer and provide (i) the services we authorize in writing via the Manuals or otherwise (collectively, the “**Approved Services**”); and (ii) the designated lines of retail inventory we authorize for resale or otherwise require you to use in the operation of your Franchised Business (collectively, the “**Approved Products**”).

You must enter into our then-current form of Franchise Agreement for each Franchised Business we grant to you. Our current form of Franchise Agreement is attached as Exhibit B.

Your Franchised Business must operate from a location that we approve in writing (the “**Premises**”). Your Franchise Agreement will typically designate a site selection area (the “**Site Selection Area**”) in which your Premises must be located. You will not be permitted to operate your Franchised Business at any location other than your approved Premises, which will be identified on your data sheet once determined. After you have secured your Premises, we may assign you a territory (the “**Territory**”) as disclosed more fully in Item 12 of this Disclosure Document.

The Franchise Agreement requires you to designate an operating principal (the “**Operating Principal**”) for each of your Franchised Businesses. The Operating Principal is the main individual responsible for the operational oversight of each Franchised Business. The Operating Principal may be you (the Franchisee) or someone you appoint. The Operating Principal must be an individual, not an entity. The Operating Principal must be approved by Oakwell prior to assuming their role. Franchisees must ensure that (i) each Franchised Business has a designated Operating Principal at all times who has been approved by Oakwell and maintains regular on-site presence at the Franchised Business, and (ii) all personnel at the Franchised

Business have been provided with the appropriate training associated with their role in accordance with our then-current System standards and brand specifications.

### **Market & Competition**

Your Franchised Business will offer Approved Services and Approved Products to the general public. The sale and provision of the Approved Services and Approved Products are typically not seasonal in nature.

As a general matter, the health and wellness industry is mature and competitive, however, the market for day spa facilities that also offer a taproom with beer and other alcoholic and non-alcoholic beverages in conjunction with private spa suites is relatively new and still developing in the United States.

As a franchisee, you will compete with certain other wellness and day spa brands, some of which may offer a similar range of products and services as your Franchised Business, as well as other franchise concepts that are similar to the Franchised Business. These competing brands may be locally owned or large regional or national chains. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, your entrepreneurial and managerial abilities, your focus on customer service, and various other factors. However, it is important to take into consideration that day spa businesses are affected by things outside of your control, such as changes in consumer taste, demographics, traffic patterns, and local and national economic conditions and their effect on the public's discretionary spending.

### **Industry Specific Laws & Regulations**

Your Franchised Business will be subject to specific federal, state, and local laws and regulations that relate to day spas, to the sale and service of alcoholic beverages, to the sale and service of food, and to retail businesses generally. It is your sole responsibility to investigate, satisfy, and remain in compliance with all local, state, and federal laws, since they vary from place to place and can change over time.

Your Franchised Business may also be subject to certain regulations and safety standards that govern the operation and provision of spa equipment, which are material to your Franchised Business. This includes, but is not limited to, the International Swimming Pool & Spa Code (ISPSA), the International Building Code (IBC), state and local building codes and/or ordinances, as well as state and local health department codes and/or ordinances. In certain jurisdictions, the System-specified hydrotherapy tubs may be classified as bathtubs, rather than hot tubs, pools, or spas, which may obviate the need for compliance with certain building and health code requirements that are specific to hot tubs, pools, and spas. We have not investigated these regulations and ordinances in your jurisdiction, and it is your sole responsibility to do so prior to investing in this franchise opportunity.

You will also be solely responsible for obtaining all licenses necessary to sell and serve beer and wine from the Premises of your Franchised Business before opening for business or serving alcohol in any manner. These licenses must be maintained throughout the term of your Franchise Agreement. The difficulty and cost of obtaining licenses to sell and serve beer and wine, and the procedures for securing such licenses, vary greatly from jurisdiction to jurisdiction. There is also a wide variation in state and local laws and regulations governing the sale and service of alcoholic beverages, including those impacting the terms and conditions of payment; payment of excise taxes; advertising, trade, and pricing practices; product labeling; sales to minors and intoxicated persons; hours of operation; relationships among product producers, importers, wholesalers, and retailers; ability to ship product between states; limitation on multiple unit ownership; "dram shop" laws and related liability; and minimum insurance requirements. We have not investigated the laws, regulations, and ordinances related to liquor sales and service in your jurisdiction, and it is your sole responsibility to do so prior to investing in this franchise opportunity.

Your Franchised Business may also be subject to alcoholic beverage control (ABC) regulations, including those governing the use of self-pour technology. At least six (6) states currently regulate, limit, or prohibit the use of self-pour technology, including Utah, Montana, New Mexico, Oregon, Vermont, and West Virginia. Your Franchised Business may be operated in a state that restricts or regulates the use of self-pour technology, but franchisees operating in such states may incur additional operating costs. We have not investigated the laws, regulations, and ordinances related to self-pour technology in your jurisdiction, and it is your sole responsibility to do so prior to investing in this franchise opportunity.

The United States has enacted the “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (the “**USA Patriot Act**”). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Jessica Zouaoui: Chief Executive Officer**

Jessica Zouaoui is the co-founder of our franchise system and has served as our Chief Executive Officer since our inception. In addition to this role, Jessica has served as the CEO of our parent company, Oakwell Holdings, LLC, since its inception in September 2022, and as the CEO of our other affiliate companies, as disclosed in more detail in Item 1. In conjunction with Damien Zouaoui, Jessica served as the Operating Principal for our first Affiliate-Owned Spa in Denver, Colorado, from February 2021 to June 2024. Jessica also served as the Operating Principal for our second Affiliate-Owned Spa in Highlands Ranch, Colorado from March 2025 to August 2025. Jessica maintains her primary office at our headquarters in Denver, Colorado.

### **Damien Zouaoui: President**

Damien Zouaoui is the co-founder of our franchise system and has served as our President since our inception. In addition to this role, Damien has served as the President of our parent company, Oakwell Holdings, LLC, since its inception in September 2022, and as President of our other affiliate companies, as disclosed in more detail in Item 1. In conjunction with Jessica Zouaoui, Damien served as the Operating Principal for the first Affiliate-Owned Spa in Denver, Colorado, from February 2021 to June 2024. Damien maintains his primary office at our headquarters in Denver, Colorado.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### **Initial Franchise Fee**

You must pay us an initial franchise fee (the “**Initial Franchise Fee**”) in the amount of \$45,000 in a lump sum at the time you enter into your Franchise Agreement with us, which is deemed fully earned when paid and is not refundable under any conditions.

### **Initial Training Fee**

Upon signing the Franchise Agreement, you must pay us an initial training fee (the “**Initial Training Fee**”) in the amount of \$10,000 for your Operating Principal and up to two Store Managers to attend our initial training program (the “**Initial Training Program**”). The Initial Training Program is conducted at the Franchise Success Center in Denver, CO, virtually, at your Premises, or at an alternative location as designated by us. The Initial Training Fee must be paid prior to starting the Initial Training Program and all required training must be completed before your Franchised Business opens. You will be solely responsible for all of your and your employees’ expenses for attending our Initial Training Program, including expenses like travel, lodging, meals, and wages. See Item 11 for more details on our Initial Training Program.

### **Lease & Construction Contract Review Fee**

You must send your lease and construction contract to us for approval before signing. For each lease we review, a one-time lease review fee (the “**Lease Review Fee**”) of \$2,500 will apply. For each construction contract we review, a one-time contract review fee (the “**Contract Review Fee**”) of \$2,500 will apply. Any assistance we provide in reviewing your lease or construction contract will in no way constitute an assurance, representation, or warranty of any kind as to the suitability of these agreements or for any other purpose. You are advised to have all legal documents reviewed by your personal legal advisors.

### **Initial Spa Product Package**

Prior to the opening of your Franchised Business, you must purchase from our affiliate, Oakwell Cosmetics, LLC, the initial stock of inventory of Approved Products (the “**Initial Spa Product Package**”) that you will offer for retail sale from your Franchised Business or otherwise use in connection with operating your Franchised Business. This package currently includes, but is not limited to, hair care products, body care products, bath infusions, housewares, insulated tumblers, employee aprons, bath robes, retail bags, physical gift cards, gift card boxes, retail bags, branded home goods and apparel, among other Approved Products. We estimate the cost of the Initial Spa Product Package will range between \$20,000 to \$25,000, depending upon the current pricing and product requirements, shipping costs, and the precise amounts of inventory you decide to purchase.

### **Grand Opening Marketing Fee**

Once your site has been selected, you must pay to us a one-time marketing fee (the “**Grand Opening Marketing Fee**”) in the amount of \$10,000 which we will use to manage marketing initiatives to build excitement and awareness leading up to your grand opening. While strategies may vary depending on market conditions and seasonality, this campaign typically includes digital advertising, press releases, earned media placements, print marketing materials, ‘Coming Soon’ window decals or banners, and grand opening event planning. The Grand Opening Marketing Fee is not refundable.

**Other Relevant Disclosures**

Unless otherwise disclosed above, the fees disclosed in this Item 5 are uniformly imposed on our System franchisees, are deemed fully earned when paid, and are not refundable.

**ITEM 6  
OTHER FEES**

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Royalty Fee</b>	7% of Gross Sales	Collected weekly for Gross Sales the prior Business Week (Monday through Sunday).	Your Royalty Fee will begin the week following your first recorded sale, regardless of whether your Franchised Business was open for the full week or if the sales consisted solely of gift cards. We require you to pay your Royalty Fee and other recurring amounts via electronic funds transfer (“EFT”).  See Notes 1, 2, and 3 for additional information.
<b>Brand Fund Contribution</b>	2% of Gross Sales	Collected weekly for Gross Sales the prior Business Week (Monday through Sunday).	We administer a Brand Fund to promote, market, advertise, and otherwise develop the System, Proprietary Marks, and brand, as we determine appropriate in our discretion.  See Note 4 for additional information.
<b>Local Advertising Requirement</b>	1.5% of Gross Sales	Monthly	You must spend a minimum of 1.5% of Gross Sales on local marketing within your Territory. At our request, you must provide us with invoices or other proof of these local marketing and advertising expenditures.  See Item 11 for additional information.
<b>Technology Fee</b>	Currently \$1,100/month	Collected monthly in the same manner as your Royalty Fee.	We collect a Technology Fee to cover costs associated with the technological products or services we use to support the System or require you to use in the operation of your Franchised Business.  See Note 5 for additional information.
<b>System Modifications</b>	All costs and expenses of required modifications.	As required.	If we decide to modify the System by requiring new equipment, fixtures, software, trademarks, signage, or other changes, you must make the modifications at your expense.

<p><b>Additional Training Fee</b></p>	<p>Our then-current training fee, depending on the type and location of the training being provided.</p> <p>Currently, our Initial Training Program Re-Training Fee is \$5,000 per individual. For remedial training and/or additional requested training, all such training will be provided at our then-current rate.</p>	<p>Prior to training being provided.</p>	<p>You must also pay for your employees' expenses for attending training, including travel, lodging, meals, and wages.</p> <p>If our trainer(s) are required to travel to your location for training, you must also pay the travel and living expenses of the trainer(s).</p> <p>See Note 4 for additional information.</p>
<p><b>Additional Opening Assistance</b></p>	<p>Then-current fee plus travel and living expenses.</p>	<p>When billed.</p>	<p>We may provide one on-site visit in connection with the opening of your Franchised Business without charging a fee. If additional on-site visits are needed, we may charge you a fee and require you to reimburse us for our travel and living expenses.</p>
<p><b>Retail &amp; Backbar Inventory Purchases</b></p>	<p>Will vary based on demand and sales generated by your Franchised Business.</p>	<p>As invoiced.</p>	<p>Certain retail and backbar products must be purchased from our Affiliate Supplier.</p>
<p><b>Annual Conference or Convention</b></p>	<p>Then-current registration fee that we designate in connection with an annual conference or convention.</p> <p>Currently, estimated at \$1,000 per attendee.</p>	<p>As incurred.</p>	<p>We may host an annual conference or convention, as we deem advisable in our sole discretion, and require that you and/or your Operating Principal attend such conference.</p> <p>You will be responsible for the costs and expenses you incur in connection with any annual conference/convention, including lodging, travel, meals, wages, etc.</p> <p>We reserve the right to charge you our then-current registration fee. If you do not attend the Annual Conference or Convention, we reserve the right to charge you a non-attendance fee amounting to the then-current registration fee.</p>
<p><b>Transfer Fee (Franchise Agreement &amp; Development Agreement)</b></p>	<p>50% of the then-current Initial Franchise Fee, except as set forth in the Remarks column.</p>	<p>Payable at the time of submitting a transfer application.</p>	<p>There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.</p> <p>In situations where we are approving a transfer in connection with (a) an individual assigning its rights to a wholly-owned corporation, or (b) the death or disability of the Franchisee or Franchisee's Principal, we will waive the transfer</p>

			fee and only reserve the right to charge an administrative fee of up to \$5,000.
<b>Renewal Fee</b>	50% of the then-current Initial Franchise Fee	Payable at the time of signing your renewal Franchise Agreement.	There are other conditions that you must meet in order for us to grant your request to renew your franchise. We require at least 6 months' notice to renew.
<b>Relocation Fee</b>	\$5,000	As arranged.	We will evaluate any proposed relocation of your Premises as discussed more fully in Item 12 of this Disclosure Document.
<b>Advertising/Marketing Cooperative Contribution</b>  <b>(involving multiple System Businesses)</b>	Currently, we do not have any regional or other advertising or marketing cooperatives (each, a " <b>Cooperative</b> ").  If such a Cooperative is established and involves your Franchised Business, then: (i) we may require that you make a contribution to such Cooperative if your Franchised Business is within the geographic region comprising the Cooperative; and (ii) the actual amount of the contribution to the Cooperative will be determined by the Cooperative members.	As arranged.	Your contribution may be payable to us or our affiliate if we establish or approve a Cooperative comprised of a geographic region where your Franchised Business is located.  If there is an affiliate-owned Business in your Cooperative, then our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.
<b>Audit Fees</b>	Actual cost of the audit.	Within 15 days of the invoice.	Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 2% or more for any designated reporting period.  See Note 7 for additional information.
<b>New Product or Supplier Testing</b>	We reserve the right to receive reimbursement for the actual costs we incur to evaluate or test a new product or supplier, not to exceed \$500 per request.	As incurred.	If you propose an alternate supplier, product, or service that we have not already authorized for use in connection with your Franchised Business, we may require that you reimburse us (or cover in advance) the actual costs we incur in connection with evaluating your proposal.

<b>Non-Compliance Fee</b>	Up to \$1,000 per violation, depending upon severity.	On demand, following written notice of your default.	If you fail to operate your Franchised Business in compliance with our standards, specifications, or procedures, we may charge you a fee up to \$1,000 per violation following written notice of your default, in addition to our other rights and remedies under the Franchise Agreement.
<b>Interest</b>	The greater of (a) 18% per annum or (b) the highest commercial contract interest rate allowed under applicable law.	On demand.	Payable on all delinquent payments.  See Note 8 for additional information.
<b>Collection Charges</b>	Varies	On demand.	You must pay all collection charges associated with our efforts in collecting any amounts owed to you or us under the Franchise Agreement.
<b>Attorneys' Fees &amp; Costs</b>	Will vary according to circumstance.	On demand.	You must reimburse us for our attorneys' fees and any court costs that we incur in connection with attempting to (or actually) enforce or protect our rights under your Franchise and/or Development Agreement.
<b>Default &amp; Indemnification</b>	Attorneys' fees, costs, interest, audit costs, and default fees.	On demand.	Payable in addition to other payments to us. You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
<b>Insurance Reimbursement</b>	Actual costs and expenses.	On demand.	If you fail to obtain required insurance, we may obtain such insurance on your behalf and require reimbursement for actual costs and expenses.
<b>Insufficient Funds Fee or Dishonored Check Charge</b>	\$100 per occurrence.	On demand.	Payable if a check you provide to us is returned or dishonored by the bank, or if your EFT Account does not have sufficient funds to cover amounts you owe under the Franchise Agreement as they become due to us. This provision is subject to any state-specific laws regarding NSF-related fees.
<b>Non-Reporting Enforcement Fee</b>	\$1,000 per each seven-day period that a required report is past due.	As incurred.	Your Franchise Agreement requires you to provide us on an ongoing basis with certain Required Financial Statements related to the performance of your Franchised Business. Upon signing the Franchise Agreement, you must provide us the contact information for your CPA, bookkeeper, and/or accountant.
<b>Management Fee</b>	8% of the Gross Sales of your Franchised Business during the period of time we or our representative manage your Franchised Business on your behalf, plus the costs and expenses we incur.	As incurred.	The Management Fee will only be due to us if (a) you are in material default under your Franchise Agreement or you or your Operating Principal become unable to operate your business, and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.

<b>Customer Resolution Fees</b>	Actual costs we incur for responding to a customer complaint, which varies.	On demand.	Payable if a customer of your Franchised Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of resolving the customer's complaint.
<b>Gift Card Program Termination Fee</b>	Varies.	On demand.	On termination or expiration of the Franchise Agreement, you must pay to us an amount equal to 100% of the total outstanding balance of all unredeemed Local Gift Cards issued by your Franchised Business as of the date of the termination or expiration of your Agreement.
<b>Liquidated Damages</b>	Varies.	Within 30 days of the date of termination of the Franchise Agreement.	If the Franchise Agreement is terminated for any reason prior to its expiration, you will pay us liquidated damages.  See Note 9 for how such damages are calculated.

### Explanatory Notes

**General Note.** Except as otherwise stated in this Item, all fees listed in the Item 6 Chart are imposed by and payable to us or our affiliates. Fees are imposed uniformly on all franchisees in our System. These fees are payable in U.S. Dollars and are not refundable unless otherwise stated in this Item. Unless we have noted differently, we may increase these amounts based on changes to market conditions, our cost of providing services, and future policy changes; however, at present, we have no plans to increase any of these fees.

1. **Payment Method.** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your “**EFT Account**”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to our current form of Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.
2. **Collection Interval.** We reserve the right to change the interval at which we collect your Royalty Fee, Brand Fund Contribution, and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, in the future, we may decide to collect these recurring fees on a monthly, rather than a weekly basis. We require you to use the computer system and related software that provides us with automatic access to your Gross Sales Reports.
3. **Definition of Gross Sales.** “**Gross Sales**” means the total sales generated by your Franchised Business, including all revenue generated from the sale and provision of any and all gift cards and other Approved Products and Services at or through your Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales include: (a) any other means of revenue derived from the operations of your Franchised Business, including the sale of memberships, merchandise, or any products or services that are sold by you, whether sold at the Premises or from an off-Premises location; (b) all revenue from the sale and/or redemption of gift cards, in accordance with our then-current System Standards; (c) all revenue allocable to gift cards and/or discounts provided to friends, family, and employees; (d) all

mandatory gratuity and/or service fees charged by the Franchised Business; and (e) the gross amount of any business interruption insurance or similar insurance payments.

“Gross Sales” does not include: (a) tips received from customers that are paid in full to your employees; (b) any sales tax or equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto; (c) the value of any approved discount, promotion, and/or allowance issued or granted to any guest of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of the Approved Products or Approved Services; and (d) refunds that are provided to customers at the point of sale. Please note that Royalties collected on Gross Sales that are later subject to chargebacks will not be refunded.

The definition of “Gross Sales” may also include amounts charged to a customer that purchases a gift card, other electronic stored value card, or gift certificate from the Premises, if and as consistent with our then-current System policies, standards, and specifications regarding such cards or certificates (as we may update and modify as we determine appropriate via the Manuals or otherwise in writing).

4. **Brand Fund Contribution.** We have established a Brand Fund designed to market and otherwise develop the brand, Proprietary Marks, System, businesses, and/or Approved Services (the “**Brand Fund**”). You will be required to make a Brand Fund Contribution in the amounts described in the chart above. We will administer and use the Brand Fund to meet certain costs related to maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System. We have sole discretion over all matters relating to the Brand Fund. Our affiliate-owned businesses may contribute to the Brand Fund, however our affiliate-owned businesses may contribute at different rates. We may increase the amount you are required to contribute to the Brand Fund upon 30 days’ written notice, not to exceed 5% of the Gross Sales of your Franchised Business. See Item 11 for more details on the administration of the Brand Fund and your Brand Fund Contributions.
5. **Technology Fee.** We collect a Technology Fee to cover all or a portion of the costs associated with the technological products or services we use to support the System or require you to use in the operation of your Franchised Business. Currently, the Technology Fee covers Microsoft email and Office suite for your Franchised Business for up to four (4) users, access to our designated spa management software and point-of-sale system for your Franchised Business, remote PC access software for up to three (3) of your computers, and access to our designated music management software for your Franchised Business. If we increase or otherwise modify the Technology Fee, we will provide you with 30 days’ prior written notice.
6. **Training Fee.** We reserve the right to charge our Training Fee in connection with (a) re-training or replacement training of our Initial Training Program (“**Initial Training Program Re-Training**”), (b) any training we require you to complete to cure a default under your Franchise Agreement with us (“**Remedial Training**”), (c) additional training you request from us, other than the kind of day-to-day assistance described below (“**Additional Training**”), or (d) on-site training we provide at your Franchised Business. We will not charge a training fee for minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current Initial Training Fee, you would be responsible for the costs and expenses that are incurred in connection with you and your personnel attending training, such as travel, accommodations, meals, and wages. You will also be responsible for reimbursing the costs and expenses that are incurred in connection with our training personnel providing on-site training at your Premises (outside of the Initial Training Program), including travel, accommodations, and

living expenses.

7. **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Franchised Business throughout the term of the Franchise Agreement. If we conduct an audit and it reveals that you have underreported your Gross Sales by two percent (2%) or more, we may require you to (a) pay the costs we incur in connection with conducting the audit of your Franchised Business, including any fees paid to auditors and/or attorneys, and/or (b) provide us with annual audited financial statements regarding the operation of your Franchised Business, at your expense.
8. **Interest on Late Payments.** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.
9. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, from the opening date of the Franchised Business through the date of early termination, multiplied by the lesser of: (a) 24, or (b) the number of months remaining in the term of the Franchise Agreement.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### A. Single Franchised Business

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When Due	To Whom Payment is to be Made
<b>Initial Franchise Fee<sup>1</sup></b>	\$45,000	\$45,000	Lump sum	At signing of Franchise Agreement	Us
<b>Initial Training Fee &amp; Related Expenses<sup>2</sup></b>	\$10,000	\$20,000	Lump Sum	At signing of Franchise Agreement	Us and Third-Party Suppliers
<b>Furniture, Fixtures &amp; Equipment<sup>3</sup></b>	\$225,000	\$275,000	As incurred	As invoiced	Approved and/or Third-Party Suppliers
<b>Initial Spa Product Package<sup>4</sup></b>	\$20,000	\$25,000	As incurred	As invoiced	Affiliate Supplier
<b>Lease Security Deposit<sup>5</sup></b>	\$6,000	\$50,000	As arranged	Lease signing	Third-Party Landlord/Lessor
<b>Rent (3 Months)<sup>6</sup></b>	\$0	\$50,000	As arranged	As arranged	Third-Party Landlord/Lessor
<b>Utility Deposits<sup>7</sup></b>	\$0	\$1,000	As incurred	As incurred	Utility Provider(s)
<b>Preliminary Floor Plan &amp; Utility Assessment<sup>8</sup></b>	\$3,250	\$6,800	As incurred	As incurred	Approved Supplier
<b>Lease &amp; Construction Contract Review Fees<sup>9</sup></b>	\$5,000	\$5,000	As arranged	As arranged	Us

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When Due	To Whom Payment is to be Made
Architecture & Engineering Fees <sup>10</sup>	\$22,500	\$27,000	As arranged	As arranged	Approved and/or Third-Party Suppliers
Leasehold Improvements <sup>11</sup>	\$775,000	\$1,600,000	As arranged	As arranged	Third-Party Suppliers
Legal & Professional Services <sup>12</sup>	\$5,000	\$20,000	As arranged	As arranged	Approved and/or Third-Party Suppliers
Business Licenses & Permits <sup>13</sup>	\$2,500	\$8,000	As incurred	As incurred	Governing Excise & Licensing Authorities
Technology, Audio, & Security Systems <sup>14</sup>	\$10,000	\$30,000	As incurred	As arranged	Approved and/or Third-Party Suppliers
Draft Beverage System & Self-Pour Technology <sup>15</sup>	\$25,000	\$30,000	As incurred	As arranged	Approved and/or Third-Party Suppliers
Initial Inventory & Supplies <sup>16</sup>	\$10,000	\$25,000	As incurred	As incurred	Approved Supplier(s)
Grand Opening <sup>17</sup>	\$10,000	\$18,000	As arranged	As incurred	Us and Third-Party Suppliers
Insurance (Pre-Opening & Initial 3 Months) <sup>18</sup>	\$5,000	\$9,500	As arranged	As arranged	Third-Party Provider
Exterior Signage <sup>19</sup>	\$6,000	\$20,000	As incurred	As incurred	Approved and/or Third-Party Suppliers
Employment Screening <sup>20</sup>	\$450	\$2,000	As incurred	As incurred	Approved and/or Third-Party Suppliers
Additional Funds (3 Months) <sup>21</sup>	\$100,000	\$270,000	As incurred	As incurred	Various Third-Parties (personnel, us, Approved Supplier(s), third parties)
<b>TOTAL ESTIMATES</b>	<b>\$1,285,700</b>	<b>\$2,537,300</b>			

**Explanatory Notes:**

**General Note.** Unless negotiated with a third-party or non-affiliated supplier, all payments disclosed in this Item are non-refundable. These estimates are for a single Franchised Business and do not include costs for purchasing real estate or financing costs. These estimates are subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. In addition, inflation may impact various costs, including, but not limited to, construction costs, furniture, fixtures, equipment, signage, technology, and inventory. At the present time, we have no plans to increase the payments we control.

1. **Initial Franchise Fee.** You must pay the Initial Franchise Fee at the time of signing the Franchise Agreement. See Item 5 for additional details on the Initial Franchise Fee.
2. **Initial Training Fee & Related Expenses.** The Initial Training Program is conducted at the Franchise Success Center in Denver, CO, virtually, at your Premises, or at an alternative location as designated by us. You will be solely responsible for all of your and your employees' expenses for attending our initial training program, including expenses like travel, lodging, meals, and wages. This range includes the Initial Training Fee, plus estimates for the additional costs and expenses you will incur. Your costs will vary depending upon how many individuals attend the Initial Training Program, your proximity to our training location, the type of transportation and accommodations you select, and your employees' wages. See Item 5 for additional details on our Initial Training Fee and Item 11 for additional information on our Initial Training Program.
3. **Furniture, Fixtures, and Equipment.** This range includes the furniture, fixtures, and equipment (FF&E) needed to open your Franchised Business, including all specialty spa equipment. Our Approved Supplier List, Approved Product List, and Construction Standards Manuals specify the required furniture, fixtures, and equipment in detail, including suggested purchase quantities. The exact price may vary depending on the square footage of your premises, your floor plan, and whether your Premises will have a patio. The range provided does not include taxes and shipping costs, which vary greatly depending on where your Franchised Business is located, the number of items you purchase, and your state and local tax rates. None of the Approved Suppliers for FF&E are affiliates; however, our affiliate, Oakwell Cosmetics, may receive rebates on some of the specified FF&E.
4. **Initial Spa Product Package.** Prior to the opening of your Franchised Business, you must purchase the Initial Spa Product Package from our affiliate, Oakwell Cosmetics, LLC. Pricing may vary depending upon the current product pricing and requirements, shipping costs, and the precise amounts of inventory you decide to purchase. See Item 5 for additional information on our Initial Spa Product Package.
5. **Lease Security Deposit.** This range is based on a triple net lease for a prototypical Premises of between 3,100 to 4,000 square feet in a mid-sized market. We are unable to estimate real estate costs if you purchase the building for your Franchised Business. This range covers the costs associated with the lease security deposit you negotiate and enter into with the landlord of your approved Premises. Lease security deposits typically range between one (1) to three (3) months' worth of rent, depending on factors including creditworthiness, lease incentives, market conditions, and personal/business guarantees, among other factors.
6. **Rent (3 Months).** This range is based on a triple net lease for a prototypical Premises of between 3,100 to 4,000 square feet in a mid-sized market. We are unable to estimate real estate costs if you purchase the building for your Franchised Business. Costs will vary depending on many factors, including the geographic location of your facility, the size of the premises, the condition of the premises, and lease incentives, such as abated rent during construction and/or abated rent during the first few months post-opening.
7. **Utility Deposit.** If utilities are already set up for the building, a utility deposit may not be required. If new utility service needs to be set up for your Premises, or if your Landlord asks for utilities to be transferred into your name, a utility deposit may need to be paid to the governing utility authority.
8. **Preliminary Floor Plan & Utility Assessment.** Once you have identified a potential Premises, you are required to have our Approved Supplier create a Preliminary Floor Plan and conduct a

Utility Assessment prior to submitting your Premises for approval. This rate is to create a Preliminary Floor Plan and conduct a Utility Assessment for one Premises. This rate will increase if additional Premises are considered. Rates will vary depending on whether as-built drawings are available for your proposed Premises, if field visits are needed, and related travel expenses.

9. **Lease & Construction Contract Review Fee.** This range assumes: (i) you are signing a triple-net lease for your Premises, and (ii) you are signing a construction contract with a commercial general contractor for the completion of your leasehold improvements. You must send your lease and construction contract to us for approval before signing. For each lease we review, a one-time lease review fee will apply. For each construction contract we review, a one-time contract review fee will apply. Any assistance we provide in reviewing your lease or construction contract will in no way constitute an assurance, representation, or warranty of any kind as to the suitability of these agreements or for any other purpose. You are also advised to have all legal documents reviewed by a personal legal advisor, the fees for which are estimated under ‘Legal & Professional Services.’
10. **Architecture & Engineering Fees.** This estimate is for the architectural and engineering fees that you will incur in adapting our prototype design and architectural plans to your Premises. This includes a full set of Construction Drawings (CDs), including architectural, mechanical, electrical, and plumbing plans. This range assumes you will utilize our Approved Supplier for these services. If you choose to use your own architect (the selection of which shall be subject to our approval), your costs may vary from the range shown here.
11. **Leasehold Improvements.** This range is intended to cover the costs associated with completing leasehold improvements for the approved Premises of your Franchised Business to be consistent with System standards and specifications for the design and layout of a typical Franchised Business. These costs include a commercial general contractor’s materials, labor, and overhead, permitting fees, and a System-required 10% construction contingency. The estimate assumes that: (i) you are entering into a triple-net lease for an existing retail space, (ii) the Premises is sized between 3,100 to 4,000 square feet; (iii) the Premises meets our then-current System criteria and standards, including minimum utility services and infrastructure requirements; (iv) the Premises is located in a mid-sized market with access to a competitive pool of commercial general contractors; and (v) you will negotiate for tenant improvement allowance from the landlord that are consistent with industry standards for this kind of commercial space. If your Premises does not meet our minimum utility service and infrastructure requirements, and you end up being financially responsible for making modifications to meet these standards, such as upsizing any utility services or structurally reinforcing the walls, roof, or floor, those costs will be on top of the estimates provided in this chart.

Our low-end estimate assumes a 3,100 square-foot premises with total leasehold improvement costs of \$250 per square foot. Our high-end estimate assumes a 4,000 square-foot Premises with total leasehold improvement costs of \$400 per square foot. This estimate does not include the cost of a permit expeditor, which we suggest hiring depending on the complexity of the construction permitting process for your governing jurisdiction.

Costs will vary depending on many factors, including the geographic location of your premises, the size of the premises, the availability and cost of labor and materials, the condition of the premises, and the amount of work your landlord is willing to perform at its expense for the buildout of your premises.

You must submit your proposed Premises to us for approval. Our approval of a proposed Premises does not constitute a guaranty, representation, or other statement as to your ability to build out that

Premises at costs that are within the range set forth in the Chart. You must take all steps and conduct all due diligence to make that determination with your business advisors and any potential contractors that you engage with to provide quotes for the buildout of the Premises. We recommend you get estimates for buildout costs prior to signing any lease for your proposed Premises.

12. **Legal & Professional Services.** We recommend that you retain an attorney, an accountant, and other professionals to help you establish your Franchised Business. This includes, but is not limited to, an attorney to review your Franchise Agreement and other related documents, an attorney to review your lease and other related documents, an attorney to review your construction contract and other related documents, an attorney to assist you with the liquor licensing process, an attorney to assist with entity formation and structuring, and a CPA/accountant to set up your QuickBooks account and other financial records. Your costs will depend on the location of your business and prevailing rates of local attorneys, accountants, consultants, and/or other professionals. Your costs for these services are typically non-refundable. You should inquire about refund policies prior to engaging any professionals to assist you in establishing and operating your Franchised Business.
13. **Business Licenses & Permits.** The range above is designed to account for your sales tax license, business license, beer and wine license, and other permits and/or licenses needed to establish your Franchised Business. The range above does not include any construction-related permits, which are included as part of the leasehold improvement estimate. The cost of obtaining all required licenses will vary depending upon the location of your Franchised Business and the licenses required.
14. **Technology, Audio & Security Systems.** This range covers the hardware components and installation labor for the IT, audio, and security systems that we require for your Franchised Business. Any additional technology, audio, and security systems that you choose to install that are outside of System requirements will be an additional cost.
15. **Draft Beverage System & Self-Pour Technology.** This range accounts for the hardware components and installation labor for your draft beverage system, excluding the walk-in cooler, which is accounted for under “Furniture, Fixtures & Equipment” above. This also includes the hardware components and installation labor for the self-pour technology provided by our Approved Supplier.
16. **Initial Inventory & Supplies.** This range covers the initial inventory and supplies you must purchase in preparation for opening your Franchised Business, including, but not limited to, taproom supplies, cleaning supplies, paper goods, spa suite supplies, and other inventory. We will provide you with our list of Approved Products and purchase quantity suggestions as part of the Manuals and/or otherwise in writing. Costs will vary depending on the suppliers used and the actual amount of inventory you decide to purchase.
17. **Grand Opening.** This range accounts for the Grand Opening Marketing Fee, local marketing initiatives, and other costs you will incur during the planning and execution of your grand opening events. See Item 5 for additional details on the Grand Opening Marketing Fee.
18. **Insurance (Pre-Opening & Initial 3 Months).** This range covers the premiums for the business insurance coverage we require prior to opening and for your initial three months in business. Costs will vary if you decide to purchase coverage above the minimum required limits. See Item 8 for our insurance requirements.
19. **Exterior Signage.** This range assumes that you will install one exterior sign. Exterior signage must meet local building code, as well as the requirements of your landlord or property manager, which

may require you to install more than one sign or install signage that is different from our standard signage design, in which case, you should expect to pay more.

20. **Employment Screening.** To maintain the integrity of the Oakwell brand, you are required to complete independent employment screenings for all employees, including, at a minimum, county and national criminal background checks, national sex offender registry check, and education verification if applicable to their role. It is your responsibility to ensure that all background checks are conducted in full compliance with federal, state, and local laws. The low-end estimate assumes that you will conduct employment screening for 15 individuals at a rate of \$30 per person. The high-end estimate assumes that you will conduct employment screening for 20 individuals at a rate of \$100 per person. Costs will vary depending on the state where your Franchised Business is located and the number of individuals that require screening.
21. **Additional Funds (3 Months).** This range is intended to cover the additional working capital and/or other costs a new System franchisee will typically incur over its first three (3) months of operations. These additional funds may be expended on various operating costs over this time period, which may include employee compensation, technology fees, local advertising, and other ongoing costs associated with business operations once your Franchised Business is open. In preparing this estimate and the other estimated ranges above, we relied on (i) the information and experience garnered from the development of our affiliate-owned businesses in Colorado, (ii) information and quotes we have received from our Approved Suppliers, as well as certain pricing information we have gathered from third-party suppliers of certain Approved Products, and (iii) other industry-relevant experience and data we have compiled. This range does not account for any compensation for any franchise owner, officer, or manager. This range is designed to cover additional amounts you will incur in connection with business personnel, certain fees due under the Franchise Agreement, and otherwise over the initial three (3) months of business operations, plus certain fees for debt service. This amount will vary based on (i) where the Franchised Business is located, (ii) how closely you follow our System standards and specifications for the initial establishment and ongoing operation of your Franchised Business, (iii) your management skills, experience, and business acumen, (iv) local economic conditions, (v) the prevailing wage rate, (vi) competition, and (vii) the sales level reached during your initial period.

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

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards, and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and documents that we prepare for your use in connection with the Franchised Business and System. We may change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, which we will notify you of in writing. You will be solely responsible for all costs associated with complying with any modifications to the System.

### **Approved Products & Approved Services**

You may only market, offer, sell, or otherwise provide the Approved Products and Approved Services at your Franchised Business and in the manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Approved Services, along with their standards and specifications, as part of the Manuals or otherwise in writing before opening your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Approved Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, you must first obtain prior written approval from us as described more fully in this Item.

### **Approved Suppliers**

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “**Approved Supplier**”), which may include us or our affiliates, including our Affiliate Supplier. We will provide you with our Approved Supplier list, which is divided into two categories: Designated Suppliers and Suggested Suppliers. We may update our Approved Supplier list at any time, as we deem appropriate, at our sole discretion.

Designated Suppliers (each a “**Designated Supplier**”) are vendors that we have formally approved and you are required to use for the purchase of specific inventory, equipment, or services. Currently, we have Designated Suppliers for the following items: (i) self-pour beverage technology, (ii) hydrotherapy tubs, (iii) infrared saunas, (iv) zero gravity massage chairs, (v) certain hydrotherapy tub equipment, (vii) certain IT software, including spa management software, point-of-sale, accounting software, remote computer access software, office software & email, and background music (viii) certain spa inventory, such as spa linens, slippers, chocolate boxes, and glassware (ix) architecture & engineering, and (x) insurance.

Suggested Suppliers (each a “**Suggested Supplier**”) are vendors that we have evaluated and recommend for certain inventory, equipment, or services, but their use is optional. You may choose to purchase from these suppliers or source equivalent items from alternative suppliers, provided those alternatives meet our System standards and specifications. Currently, we have Suggested Suppliers for the following items: (i) commercial real estate brokerage, (ii) accounting & bookkeeping, (iii) draft beverage system installation, (iv) payroll processing, (v) certain equipment, including walk-in cooler, commercial refrigerators, washer & dryers, and sinks, (vi) certain IT software, (vii) certain spa inventory, including dry snack mixes and linens, and (viii) certain furniture, fixtures, equipment, and décor.

Our Affiliate Supplier is currently the Designated Supplier for (i) the Initial Spa Product Package, and (ii) the inventory of Approved Products you must periodically purchase to ensure your Franchised Business has sufficient stock of Approved Products for retail sale or otherwise used in connection with the operation of your Franchised Business.

In the future, we reserve the right to designate us or any affiliate/parent of ours as an Approved Supplier for any additional or other item or service that you are required to purchase and/or utilize in connection with your Franchised Business. This includes any proprietary products we develop or have developed for use in your Franchised Business, including private-label products that bear our Proprietary Marks.

As of the Issuance Date, our CEO, Jessica Zouaoui, owns an interest in our Affiliate Supplier, Oakwell Cosmetics, LLC. Except as disclosed above, none of our officers own an interest in any suppliers from which you must directly purchase products or services in connection with your Franchised Business.

### **Required Purchases & Right to Derive Revenue**

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as “Required Purchases.” We estimate that Required Purchases will account for approximately 80% to 90% of the total costs incurred in establishing your Franchised Business, and approximately 40% to 80% of the ongoing costs to operate the Franchised Business after the initial start-up phase. These percentages do not include

any lease payments you make in connection with your Premises.

We and our affiliates reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business.

We were formed in 2025 and first began offering franchises as of the issuance date of this Disclosure Document; accordingly, as of the issuance date of this Disclosure Document, neither we nor our affiliates generated any revenue based on our franchisees' Required Purchases.

### **Non-Approved Product/Service and Alternate Supplier Approval**

We may, but are not obligated to, grant your request to: (i) offer a product or service in connection with your Franchised Business that is not already explicitly listed as an Approved Product or Approved Service; or (ii) purchase an item or service that we require to be purchased from a Designated Supplier from an alternative source.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. We do not currently charge any evaluation fee, but we do reserve the right to be reimbursed for all actual costs we incur in connection with evaluating your proposal up to \$500. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies, or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation, and financial conditions. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection. You may propose such services after you have established operations of your Franchised Business, so long as your proposal includes a legal opinion from your attorney that your Franchised Business will be able to provide such services from the Premises of your Franchised Business and the details of any legal requirements or regulations associated with the same.

We will notify you in writing within 90 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed product and/or supplier. The criteria we use in approving or rejecting new products and suppliers are proprietary, but we may (but are not required to) make them available to you upon request. Each product and supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification, and non-disclosure. If we approve any product or supplier, we will not guarantee your performance of any supply contract under any circumstances. We may re-inspect and/or revoke our approval of a product or supplier at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously approved product or supplier is effective immediately when you receive written notice from us of revocation, and following receipt of our notice, you may not place any new orders for the revoked product or with the revoked supplier.

### **Gift Cards & Membership Model Policies**

You are required to promote, offer, and provide our gift card program in your Franchised Business, and you must purchase these cards from our Approved Supplier, which may be us or our affiliate. You may also be required to (i) honor any gift cards for payment of services at your Franchised Business, even if the gift

card was not purchased at your Franchised Business, (ii) offer and provide the membership programs that we authorize as part of our Approved Services, and/or (iii) honor memberships redemptions at your Franchised Business, even if the membership was not purchased at your Franchised Business. We will set forth our then-current System policies and practices regarding the allocation of funds generated from the sale of gift cards and/or memberships that involve more than one (1) location in our Manuals or otherwise in writing.

### **Customer Service Policies**

You are required to follow all customer service policies as we identify and modify from time to time in our Manuals or otherwise in writing. Our then-current System policies regarding refunds, discounts, complimentary services, and the provision of complimentary “make-up” services may be set forth and/or modified upon written notice by us.

### **Purchasing Cooperatives & Right to Receive Compensation**

We may, when appropriate, negotiate purchase arrangements, including price terms, with Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Franchised Businesses in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of Approved Suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment, and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We, our parent, Affiliate Supplier, or other affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers’ dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions, or other forms of compensation. We may use any amounts received from suppliers for any purpose we deem appropriate. We, our parent, Affiliate Supplier, or other affiliate(s) may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services, and other items at a price that will benefit us and our franchisees.

We do not currently have any purchasing cooperative(s) with any suppliers, but we reserve the right to create such purchasing cooperatives in the future.

### **Franchisee Compliance**

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

### **Advertising**

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location, and manner we prescribe. In addition, all advertising and promotion materials, in any medium, must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising or promotional materials in connection with your Franchised Business, unless we have explicitly prepared or approved said items during the 12 months prior to the date of your proposed use.

## **Approved Location & Lease**

You must obtain our approval of the Premises for your Franchised Business before you acquire the site. You must also obtain our approval of any lease agreement for the Premises before you execute the lease. We may condition our approval of any proposed site for your Franchised Business on the following: (i) you and the landlord of the Premises enter into a form of addendum or otherwise integrate the terms of that addendum (collectively, the “**Lease Addendum Terms**”), which includes (without limitation) a Collateral Assignment of Lease (attached as Exhibit C to our current form of Franchise Agreement) and other entry rights upon termination or expiration of your Franchise Agreement, into the lease or other occupancy agreement for the Premises; and (ii) the landlord/lessor at issue affirms that you will have the right to operate the Franchised Business, including offering and selling the Approved Services and Approved Products, throughout the term of your Franchise Agreement. As part of the Lease Addendum Terms, we will have the option, but not the obligation, to assume or renew the lease for the Premises for all or part of the remaining term of the lease if you are in material default of your Franchise Agreement and/or lease and/or fail to timely cure that default.

You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling, and construction of your Franchised Business at the Premises.

If we grant you the right to open and operate multiple Franchised Businesses under a Development Agreement, you will sign our then-current Franchise Agreement for each Franchised Business opened under your Development Schedule prior to or at the time you secure a Premises for that Franchised Business.

## **Insurance**

You must, at your expense, comply with the requirements regarding insurance coverages that we describe in our Manuals or otherwise in writing. If you fail or refuse to procure and maintain the required insurance, we may (but are not required to) obtain such insurance on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs, and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred and resources used to obtain such insurance for you. Your obligation to satisfy our minimum insurance requirements is not diminished or limited in any way by any insurance we or our affiliates carry, and no insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations under the Franchise Agreement or Development Agreement.

Our insurance requirements represent only the minimum coverage that we deem acceptable to protect our interests and are not representations or warranties of any kind that such coverage is sufficient to comply with your lease obligations and applicable laws or to protect your interests or the interests of your Franchised Business. It is your sole responsibility to make that determination and to acquire any additional coverage you believe is necessary to protect those interests, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances. Currently, we require that you purchase the following types and amounts of coverage at a minimum (subject to change as described in our Manuals):

- a. Commercial general liability insurance covering premises liability, products/completed operations, and personal & advertising injury, with a minimum limit of \$1,000,000 per occurrence / \$2,000,000 general aggregate. If leasing, you will also need coverage for damage to premises rented by you, with a minimum limit of \$1,000,000;
- b. Liquor liability insurance, with a minimum limit of \$1,000,000 each common cause / \$2,000,000 aggregate;
- c. Sexual abuse or molestation insurance, otherwise known as sexual misconduct liability insurance,

- with a minimum limit of \$500,000 per occurrence / \$1,000,000 aggregate;
- d. Business interruption insurance covering a minimum of 12-months of lost profits and continuing expenses;
- e. Auto liability insurance with a minimum limit of \$1,000,000. Coverage must include hired and non-owned auto liability. If any vehicles are titled in the name of the business, owned auto liability coverage with a minimum \$1,000,000 combined single limit is required;
- f. Cyber liability & data breach insurance with a minimum aggregate limit of \$1,000,000;
- g. Commercial umbrella insurance, otherwise known as excess liability coverage, with a minimum limit of \$3,000,000 in excess of all liability coverages listed above;
- h. Business property insurance, also known as all risks coverage, written on a replacement cost basis, with an agreed amount endorsement, and Oakwell Franchising, LLC listed as a loss payee;
- i. Workers' compensation insurance as required by applicable law;
- j. Employment practices liability insurance (EPLI), including third-party coverage, with a minimum limit of \$500,000 annual aggregate with a \$25,000 maximum deductible; and
- k. Any other insurance required by your landlord, lender, and the state or locality in which your Franchised Business is located, including any other insurance requirement we deem necessary or that is required by law or by the lease or sublease for the Franchised Business.

All insurance policies must name the appropriate franchisor entity (as indicated below) as an additional insured. Oakwell Franchising LLC (as an additional insured) must also receive a minimum of 30 days' written notice of termination, amendment, and/or cancellation of your policies.

Oakwell Franchising, LLC  
3004 N Downing St, Denver, CO 80205

You may obtain workers' compensation insurance and owned-auto insurance from any reputable insurer that maintains a minimum rating of "A" by AM Best. All other policies must be purchased from our Designated Supplier.

**Computer Hardware & Software**

You must purchase any and all computer hardware, software, and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from our Approved Suppliers.

**ITEM 9  
FRANCHISEE'S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Franchise Agreement Section</b>	<b>Franchise Disclosure Document Item #</b>
a.	Site selection & acquisition	Sections 2, 5, and 6	Item 11, 12
b.	Pre-opening purchases	Sections 5 and 6	Items 7, 8, 11, 12
c.	Site development & other pre-opening requirements	Sections 2, 5, and 6	Items 6, 7, 11
d.	Initial & ongoing training	Sections 5 and 6	Item 11

	<b>Obligation</b>	<b>Franchise Agreement Section</b>	<b>Franchise Disclosure Document Item #</b>
e.	Grand opening	Sections 5 and 6	Item 11
f.	Fees	Sections 3, 4, 9, and 13(E)	Items 5, 6, 7, 11, 12
g.	Compliance with standards and policies; Confidential Operations Manuals	Sections 5 and 6	Items 6, 11
h.	Trademarks and proprietary information	Section 7	Items 13, 14
i.	Restrictions on products/services offered	Sections 5 and 6	Items 8, 11, 16
j.	Warranty and customer service requirements	Section 6	Not Applicable
k.	Territorial development and sales quotas	Sections 2 and 6	Item 12
l.	Ongoing product & service purchases	Sections 5 and 6	Items 8, 16
m.	Maintenance, appearance, and remodeling requirements	Section 6	Items 8, 11
n.	Insurance Requirements	Sections 6 and 11	Items 6, 7, 11
o.	Marketing & Advertising	Sections 4, 5, 6, and 9	Items 6, 11
p.	Indemnification	Section 11	Item 9
q.	Owner's participation, management, and staffing	Section 6	Item 15
r.	Records & reports	Sections 4, 6, and 10	Items 6, 9, 21
s.	Inspections	Section 5 and 10	Items 6, 11, 21
t.	Franchise Transfer	Section 13	Item 17
u.	Franchise Renewal	Section 3	Item 17
v.	Post-termination obligations	Sections 14(B) and 16	Item 17
w.	Non-competition covenants	Section 14	Items 15, 17
x.	Dispute resolution	Sections 19 and 21	Item 17
y.	Personal guaranty	Exhibit B	Items 15, 17

## **ITEM 10 FINANCING**

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

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

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

### **Pre-Opening Obligations**

Prior to the opening of your Franchised Business, we (or our designee) may provide you with the following assistance:

1. **Site Selection.** We will designate a Site Selection Area in which you must secure an approved Premises for your Franchised Business. We will also provide you with access to our then-current Site Selection Guidelines. As you are looking at sites, we may provide additional assistance, including site visits, analysis of surrounding demographics, analysis of building conditions, analysis of a site's fit with our Site Selection Guidelines, and general site selection advice, the

extent of such assistance will vary based on specific circumstances, including the location and condition of the proposed site and our team's availability.

You must submit your proposed site to us for approval. In deciding whether to approve a site, we may consider, among other things: (i) neighborhood demographic characteristics, (ii) traffic patterns, (iii) parking, (iv) visibility, (v) allowed signage, (vi) the predominant character of the neighborhood surrounding the proposed site, (vii) competition from other businesses providing similar health and wellness services and/or products, (viii) the nature of all other businesses in proximity to the proposed site, (ix) zoning restrictions, (x) soil and environmental issues, (xi) premises size, (xii) premises appearance and physical characteristics, and (xiii) fit with our Site Assessment Guidelines.

We will make reasonable efforts to approve or reject any proposed site within 30 days of the date you provide us with all requested Site Submission materials, as outlined in the Manuals. If we determine that an on-site evaluation is necessary, we may require you to reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed site within this 30-day period, the proposed site will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Business and does not constitute an assurance, representation, or warranty of any kind as to the suitability of the site or lease or for any other purpose.

You must secure, by signing a purchase or lease agreement, a Premises that we have approved within 120 days of executing your Franchise Agreement, or we may terminate your Franchise Agreement. Please note that your Site Selection Area will not be exclusive and that other System franchisees may be afforded the right to search for an approved Premises within any portion of your Site Selection Area. Once you secure an approved Premises from which to open and operate your Franchised Business, we will define your Territory for that Franchised Business and include its boundaries in a Data Sheet attached as an Exhibit to your Franchise Agreement. (Franchise Agreement, Section 2(B)).

You must assume all costs, liabilities, expenses, and responsibility for: (i) locating, obtaining, and developing a Premises for your Franchised Business; and (ii) constructing, equipping, remodeling, and building out the Premises for use as a Franchised Business, all in accordance with our System standards and specifications. We do not typically own and lease any premises to you in connection with your Franchised Business. You will be responsible for obtaining any permits and licenses for the construction and operation of the Franchised Business, as well as conforming the Premises to comply with all applicable ordinances and building codes. We may require you to use our Approved Supplier for site-selection assistance. (Franchise Agreement, Section 5(F)).

3. **Architecture & Design.** We will review and approve the proposed floor plan and design of your Premises, as well as the furniture, fixtures, and equipment used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. (Franchise Agreement, Section 5(D)).
4. **Construction Contract.** We will review and approve the construction contract you enter into with a commercial general contractor for the completion of your leasehold improvements.
5. **Time to Open.** We estimate that it will be approximately 12 months from the time you sign the Franchise Agreement to the time you open your Franchised Business and begin operations. Your total timeframe may be shorter or longer depending on the time necessary to: obtain an acceptable Premises; obtain financing; obtain the permits and licenses for the construction and operation of

your Franchised Business; complete construction or remodeling, as it may be affected by weather conditions, shortages, delivery schedules, and other similar factors; complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment, and signs, and; complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening.

You are required to open for business within 12 months after signing the Franchise Agreement, unless we give you a written extension. Failure to open your Franchised Business within 12 months is considered a material default for which we have the right to terminate the Franchise Agreement without providing you an opportunity to cure (Franchise Agreement, Section 6(D)).

- 6. Operations Manuals & Resource Library.** We will provide you with access to our confidential and proprietary Manuals, as well as access to our Resource Library, the secure digital document repository which serves as a centralized hub for sample documents, operational forms, brand standards, and other resources to be used in the operations of your Franchised Business. You must keep the Manuals confidential and current, and you may not copy or distribute any part of the Manuals to unauthorized persons.

You must operate your Franchised Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us to reflect changes in the System. You are required to keep a then-current copy of the Manuals at your Premises in print or digital format at all times. If there is a dispute relating to the contents of the Manuals, then the master copy, which we maintain at our corporate headquarters, will control.

We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website, and any intranet or extranet that we establish in connection with the System. The table of contents for our Manuals as of the Issue Date of this Disclosure Document is attached to this Disclosure Document as Exhibit C. The entire then-current Manuals is 169 pages. Please note that certain portions of the Manuals may be provided via a website or web portal that is controlled and/or registered to us (each, a “**System Site**”), and you will be solely responsible for ensuring compliance with these “online” portions of the Manuals as well. (Franchise Agreement, Section 5(D)).

- 7. Approved Products & Approved Suppliers List.** We will provide you with a list of Approved Products and Approved Suppliers, to the extent we have designated them, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Section 5(D)). You will be responsible for the purchase, delivery, and installation of the Approved Products.
- 8. Initial Training Program.** We will provide our Initial Training Program, which must be successfully completed, as we determine in our discretion, prior to the opening of your Franchised Business. The Initial Training Fee covers the Initial Training Program for your Operating Principal plus up to two Store Managers. We may allow additional participants to attend the Initial Training Program for an extra fee. Once we provide the Initial Training Program, you, your Operating Principal, and Store Managers will be solely responsible for training all subsequent personnel who work at your Franchised Business.

The Initial Training Program consists of both “back office” administration functions, hands-on operational training, and on-site spa setup support at your Premises. The Initial Training Program does not include training your line-level staff, such as Beer Therapists or Spakeepers. It is your sole responsibility to ensure that your employees have been adequately trained, educated, and/or

certified in accordance with System standards, as well as in accordance with all applicable laws, rules, and regulations of the state or jurisdiction in which your Franchised Business is operating.

The Initial Training Program is conducted at the Franchise Success Center in Denver, CO, virtually, at your Franchised Business, or at an alternative location as designated by us. The Initial Training Fee must be paid prior to starting the Initial Training Program, and all required training must be completed before your Franchised Business opens. You will be solely responsible for all of your and your employees' expenses for attending our Initial Training Program, including expenses like travel, lodging, meals, and wages.

Certain portions of the Initial Training Program may involve instruction provided by video or other digital technology. We may condition your ability to attend the Initial Training Program on you: (i) expending the required amounts and participating in all required activities related to the Grand Opening Marketing Fee; (ii) undertaking all steps to establish and provide us with access to your EFT Account consistent with your Franchise Agreement, including providing Franchisor and/or its designee with a signed and completed copy of the authorization form attached to your Franchise Agreement as an Exhibit, as well as any other authorizations and approvals necessary for us or our designee to access such EFT Account; (iii) demonstrating that you have obtained all required insurance coverages, as set forth in the Franchise Agreement and Manuals; and (iv) providing us with completed and signed copies of all agreements and contracts that are attached as Exhibits to your Franchise Agreement, to the extent such documents have not been signed or need to be updated or completed at that time (collectively, the “**Initial Training Pre-Conditions**”).

In the event we determine that the Initial Training Program attendees need additional training based on our representatives' reports and/or your testing results, we may require that: (i) the attendees participate in and complete Additional Training over the additional day(s) we determine appropriate; and (ii) you cover or reimburse the costs that we incur in connection with our representatives providing such Additional Training, including reimbursing for travel, lodging, and meals.

Our Initial Training Program is offered as needed throughout the year, depending on the number of new franchisees entering the System, the number of personnel needing training, the scheduled opening of your Franchised Business, and the availability of our training staff. The Initial Training Program is divided into three phases.

The first phase is a remote training program conducted virtually. The first phase will commence within three months of signing the Franchise Agreement, so long as all Initial Training Pre-Conditions are satisfied. The second phase is on-the-job training provided at the Franchise Success Center in Denver, CO, or at a Spa location designated by us. The second phase is scheduled on an as-needed basis once all virtual training modules are complete. For the third phase, we send one or more of our trainers to your Franchised Business to provide setup assistance and onsite instruction at or around the time of your proposed soft opening. The third phase is scheduled once you have completed all other portions of the Initial Training Program and have demonstrated that all other pre-opening requirements have been satisfied. You may not open your Franchised Business until the entire Initial Training Program has been completed, unless we agree otherwise in writing.

Instructional materials, including components of the Manuals, will be provided to you and used as necessary as you proceed through the Initial Training Program. The Initial Training Program is subject to change without notice to reflect updates in System materials, methods, and Manuals, as well as changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. Failure to complete all required

initial training to our satisfaction prior to the date you are required to open your Franchised Business may result in termination of the Franchise Agreement.

Our training program will be supervised by our Chief Executive Officer, Jessica Zouaoui, who has over five (5) years of experience with (i) our brand and concept, and (ii) the topics of instruction below. Jessica has 12 years of experience working in training and development. Jessica may be assisted by other qualified members of our staff who have at least one year of experience in their respective training topics. The subjects covered in our Initial Training Program are set forth in the Initial Training Program Chart below.

**INITIAL TRAINING PROGRAM CHART**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING<sup>1</sup></b>	<b>HOURS OF ON-THE-JOB TRAINING<sup>2</sup></b>	<b>LOCATION</b>
<b><u>PHASE 1</u></b>			
Welcome & Company History	1	--	Remote
Site Selection & Construction	2	--	Remote
Approved Products & Suppliers	1	--	Remote
Technology	1	--	Remote
Spa Products & Services	1	--	Remote
Spa Employees	2	--	Remote
Guest Services	2	--	Remote
Marketing	1	--	Remote
Accounting	1	--	Remote
Safety & Security	1	--	Remote
<b><u>PHASE 2</u></b>			
Beer Therapist Role	--	80	Franchise Success Center in Denver, CO, or at a Spa location designated by us
Spakeeper Role	--	16	Franchise Success Center in Denver, CO, or at a Spa location designated by us
Store Operations	--	24	Franchise Success Center in Denver, CO, or at a Spa location designated by us
<b><u>PHASE 3</u></b>			
Spa Setup	--	24	Your Franchised Business
<b><u>PHASE 3</u></b>			
	<b>HOURS OF CLASSROOM TRAINING<sup>1</sup></b>	<b>HOURS OF ON-THE-JOB TRAINING<sup>2</sup></b>	
<b>TOTALS</b>	<b>13</b>	<b>144</b>	

## **Other Training-Related Disclosures**

Certain portions of the “On-the-Job” training described in the Initial Training Program Chart above may be covered in a classroom setting while at our Franchise Success Center in Denver, CO, provided by remote instruction, or conducted at a Spa location designated by us.

### **Post-Opening Obligations**

After the opening of your Franchised Business, we (or our designee) may provide you with the following assistance:

1. **Additional Training.** We may facilitate additional training sessions on a regularly scheduled or as-needed basis. This includes training newly hired personnel, refresher training courses, the annual convention, and additional assistance or training you request (collectively, “**Additional Training**”). We may also require you to complete training to cure a default under your Franchise Agreement (“**Remedial Training**”). Your Operating Principal must attend all additional training sessions, not to exceed five days per year. Space permitting, we will also provide you with the opportunity to send additional personnel to these additional training sessions. You will be required to pay our then-current Training Fee for any Additional Training you and your employees request to attend, as well as for any Remedial Training that we require. You will also be solely responsible for all expenses related to attending Additional Training, such as travel, lodging, wages, and living expenses. (Franchise Agreement, Section 5).
2. **Operational Support.** We may provide you with continuing operational support, as we deem necessary in our sole discretion, regarding the management and operation of your Franchised Business. We may provide this assistance by telephone, intranet communication, email, Teams, Zoom, or any other communication channel as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys, and other brand quality measurements we impose in connection with the operation of your Franchised Business, and such advice/consultation will be subject to your timely provision of any reports we require you to submit. (Franchise Agreement, Section 5).
3. **Review of Marketing Materials.** We will approve or deny any advertising and marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading “Advertising and Marketing.” (Franchise Agreement, Section 5).
4. **Alternative Products & Suppliers.** We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Sections 5 and 6).
5. **Private Label Products.** We may, directly or indirectly through our affiliates or designated vendors, develop and provide you with private label products or other merchandise bearing our Proprietary Marks to be used, offered, or sold by you at your Franchised Business.
6. **Franchise Conference.** We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees, and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any franchise conference. You

will also be required to pay our then-current attendance/registration fee (Franchise Agreement, Section 5).

7. **Website.** We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote the brand, our Proprietary Marks, and other Business locations, provided you are in compliance with the terms of your Franchise Agreement. Please see below in Item 11 under the heading “Advertising and Marketing” for further information.
8. **Brand Fund.** We will administer and maintain the Brand Fund for the benefit of the System. (Franchise Agreement, Section 9).
9. **System Site.** We may, as we deem appropriate, establish and maintain a website or other online portal that will be accessible by our franchisees, which may be used for purposes of (i) providing updates, supplements and supplemental information that will constitute part of one or more Manuals, (ii) providing webinars and other training, including portions of our Initial Training Program, (iii) providing advertising templates or other marketing/promotional materials, as well as information related thereto, and (iv) otherwise communicate with our franchisees regarding the brand, System and/or specific operational and promotional aspects of a Franchised Business (collectively, the “**System Site**”). (Franchise Agreement, Section 5).
10. **Audits & Inspections.** We may conduct, as we deem advisable in our sole discretion, inspections and audits of your Franchised Business, as well as your operations generally, to ensure compliance with our System standards and specifications. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of a System franchise, as we deem appropriate in our sole discretion, as well as detail any deficiencies that become evident as a result of any inspection or audit. (Franchise Agreement, Section 5).
11. **System Modifications.** We may supplement, revise, or otherwise modify the Manuals and/or a System Site as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail, our System-wide intranet, or otherwise. (Franchise Agreement, Section 5).
12. **System Development.** We may: (i) research new services, products, equipment, and methods of doing business and provide you with information we have developed as a result of this research, and (ii) create and develop additional products and services to be offered or provided as Approved Products and Services at your Franchised Business, including proprietary products and services that may be sold under the trademarks we designate. (Franchise Agreement, Section 5).

## **Advertising**

**Approved Marketing Materials.** All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to System standards and requirements. We may make available to you, from time to time, at your expense, certain promotional materials, including digital advertisements, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene the laws and regulations of governing authorities. You will be required to purchase and display any signage in certain parts of your Franchised Business that have high visibility for purposes of notifying customers and prospective customers of specials/promotions regarding our Approved Products and Services. (Franchise Agreement, Section 9(B)).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved, and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9(B)). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Territory.

**Grand Opening Marketing Fee.** You are required to pay us your Grand Opening Marketing Fee, in the amount of \$10,000, which we will expend on your behalf in connection with the initial marketing and grand opening of your Franchised Business. Grand Opening Marketing strategies vary depending on market conditions and seasonality, but typically include digital advertising, press releases, and earned media placements. The majority of the grand opening marketing efforts will take place during the period of thirty (30) days prior to opening through thirty (30) days after the opening of your Franchised Business. (Franchise Agreement, Section 9(C)).

**Local Advertising Requirement.** In addition to the Grand Opening Marketing Fee described above, you must expend such amounts as we may designate for advertising and marketing your Franchised Business within your Territory (the “**Local Advertising Requirement**”). Currently, you are required to expend one and a half percent (1.5%) of Gross Sales as your Local Advertising Requirement (Franchise Agreement, Section 9(D)). The funds expended as part of your Local Advertising Requirement are typically paid directly to third-party local or regional suppliers. We may designate one or more Approved Suppliers through which some or all of your Local Advertising Requirement must be spent. Upon our written request, you must provide us with invoices and/or other documentation necessary to demonstrate that you are in compliance with your Local Advertising Requirement.

**Brand Fund.** We have established a Brand Fund for the benefit of the System and brand generally. Currently, you must contribute to the Brand Fund in an amount equal to 2% of the Gross Sales generated by your Franchised Business over the preceding calendar month (your “**Brand Fund Contribution**”). (Franchise Agreement, Section 9(F)). We may increase your Brand Fund Contribution up to an amount equal to 5% of the Gross Sales generated by your Franchised Business upon 30 days’ prior written notice to our System franchisees via the Manuals or otherwise in writing.

We will administer and use the Brand Fund to meet certain costs related to maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System. We will designate all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Fund may also be used to cover the costs and fees associated with: (i) preparing and producing brand assets, advertisements, and marketing collateral in video, audio, graphic, written, or electronic form; (ii) website maintenance and development; (iii) developing and administering digital marketing and advertising campaigns, including search advertising, display advertising, video advertising, native advertising, email advertising, programmatic advertising, mobile advertising, audio advertising, affiliate marketing, and retargeting advertising; (iv) developing and administering non-digital marketing, advertising, and public relations programs, including print, broadcast, billboards, transit ads, public art, gorilla marketing, press releases, physical promotional materials, event & experiential marketing, trade journals, direct mail, radio, sponsorships, and partnerships; (v) developing and managing word-of-mouth, referral, brand ambassador,

community engagement, and networking marketing activities; (vi) hiring advertising, promotion, public relations, marketing agencies, and other advisors to provide assistance; (vii) developing and administering market research, market analysis, and consumer insights activities, including focus groups, in-depth interviews, ethnographic research, customer journey mapping, usability testing, concept testing, surveys, competitive analysis, trend forecasting, and customer satisfaction studies; (viii) sourcing and procuring data to aid in market research and development, including industry reports and white papers, government and census data, academic research, trade publications, and social listening platforms; (ix) sourcing and procuring marketing, advertising, and brand development technology and tools; (x) developing and administering training and brand education, including marketing playbooks, toolkits, workshops, and webinars; and (xi) management of public relations activities, including press release creation and distribution, media relations, influencer outreach, crisis communication, and brand reputation management.

The Brand Fund may be used for advertising materials and campaigns that are displayed on printed materials, radio, podcasts, television, streaming services, internet, or otherwise displayed visually or auditorily. The Brand Fund may be used for local, regional, or national marketing efforts, as we deem appropriate in our discretion. We and/or a local, regional, or national advertising agency may be used to produce all advertising and marketing.

We will account for the Brand Fund contributions separately from our other funds and will not use the Brand Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses, and overhead we incur in administering the Brand Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund contributions. The Brand Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing, or administering the Brand Fund, or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest, determined from time to time by Franchisor, which provides Franchisor with a return commensurate with the prevailing interest rate charged by persons in the business of lending money under similar circumstances), or invest any surplus for future use. We will use interest earned on Brand Fund contributions to pay costs before spending the Brand Fund's other assets. We will not use Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, except that we may use or display the phrase “Franchises Available” or a substantially similar phrase on any and all advertising and marketing that is covered by the Brand Fund. We may incorporate the Brand Fund or operate it through a separate entity if we deem appropriate. If we determine to establish any affiliate-owned businesses, these affiliate-owned businesses may, but are not obligated to, contribute to the Brand Fund in the same manner that each Franchised Business is required to contribute.

We are not required to spend any of your Brand Fund Contributions in the Territory you are granted under your Franchise Agreement. Upon reasonable written request within 120 days of our fiscal year end, we will provide you with an unaudited accounting of the Brand Fund. We are not required to have the Brand Fund audited, but we may do so and use the Brand Fund Contributions to pay for such an audit. If we do not spend all Brand Fund Contributions in a given year, we may roll over any excess contributions into the Brand Fund for use during the following year. We will have the right to modify or discontinue the Brand Fund, as we deem appropriate in our sole discretion. (Franchise Agreement, Section 9(F)).

We were formed in 2025 and began offering franchises as of the issuance date of this Disclosure Document; accordingly, as of the issuance date, we have not collected nor expended any Brand Fund Contributions.

**Advertising Council.** We have not yet established an advertising council (the “**Advertising Council**”), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice and guidance on

how to administer the Brand Fund. At our discretion, the Advertising Council may be comprised of our management representatives, employees, you, and/or other franchisees in the System. We have the right to modify or dissolve an Advertising Council at any time. (Franchise Agreement, Section 9(G)).

**Regional Advertising Cooperatives (“Cooperatives”).** We reserve the right to establish regional advertising cooperatives that are comprised of a geographic market area that contains two or more Businesses (whether a Franchised Business or Affiliate-owned) (each a “**Cooperative**”). If we assign your Franchised Business to a Cooperative we establish, you must work with us and the other Business owners in your Cooperative to develop and implement regional advertising campaigns designed to benefit all the Businesses within the geographic boundaries of the Cooperative. If you are designated as a member of a Cooperative, you may be required to contribute to the Cooperative in an amount not to exceed one percent (1%) of Gross Sales. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. We reserve the right to establish the governing rules, terms, and operating procedures of any Cooperative and make them available for Franchisee’s review. (Franchise Agreement, Section 9(I)).

### **Computer Systems**

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with your Franchised Business. The required hardware currently includes: (i) a desktop computer for your Reception Desk that is capable of running all Required Software, including without limitation, the POS, spa management software, reception desk tools, and other required office software; (ii) a laptop computer for your Store Manager that has the same capabilities as the Reception Desk desktop; (iii) payment terminal; (iv) a printer; (v) at least two (2) tablets with stands for guest check-in, and (vi) all required self-pour technology, including without limitation, reception desk workstation, keg management workstation, and an enterprise server (collectively, the “**Computer Systems**”). We also require you to use certain Required Software in connection with the Computer Systems and Franchised Business. (Franchise Agreement, Sections 4(C) and 10(C)).

The Premises of the Franchised Business must have Wi-Fi Internet access at the minimum speeds we designate in the Manuals. Your Computer Systems must be configured to automatically transmit data and reports about the operation of your Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer Systems to monitor or retrieve data stored on the Computer Systems (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer Systems. (Franchise Agreement, Section 6(R)).

In addition to the requirements described above, we require that all Computer Systems are secure, up to date, and protected against cyber threats. This includes implementing antivirus and endpoint protection software on all business devices. We also recommend that Franchised Businesses utilize and install a physical security system for their Premises that integrates with their Computer System components.

Franchisees are required to implement specific audio-visual equipment components that are integrated with their Computer System components. The specific system requirements are outlined in our Manuals or otherwise as part of our then-current list of Approved Products. We reserve the right to approve all Computer Systems, as well as approve all non-designated hardware, before it is used in connection with your Franchised Business. None of your Computer Systems may be used for any purpose other than operating your Franchised Business. (Franchise Agreement, Sections 4(C) and 10(C)).

We estimate the initial costs associated with acquiring and installing the necessary technology, audio, and security systems, including the required Computer Systems (but not including self-pour technology), will be between \$10,000 and \$30,000. This estimate does not include the investment associated with purchasing and installing the self-pour beverage technology you must utilize in connection with your Franchised

Business.

You must keep your Computer Systems in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer Systems or Required Software as we direct from time to time in writing. We estimate that you will spend approximately \$500 to \$1,000 annually on maintenance and support contracts for your Computer Systems. This estimate does not include security or alarm system monitoring, which may incur additional fees. Franchisor and its Affiliates have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer Systems.

You are also required to participate in any System-wide computer network, including any System Site that you are provided access to as a franchisee. You may be required to use such networks or System Site to, among other things: (i) electronically submit the reports due to us under the Franchise Agreement; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement, Section 4(C)).

### **Website & Social Networking Sites**

We have the right to establish and maintain a primary website that may, without limitation, promote the Proprietary Marks and/or the System (the “**Website**”), including the contact information of your Franchised Business. For so long as you remain compliant with your obligations under the governing Franchise Agreement, we agree to establish a listing or page on our brand Website to display the contact information associated with your Franchised Business. We have sole control over all aspects of the Website, including, without limitation, its design, content, functionality, links to other websites, legal notices, policies, and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile, or other presence on the Internet, or otherwise advertise on the Internet or any other social network in connection with your Franchised Business, including creating a separate profile on Facebook, Instagram, TikTok, LinkedIn, Snapchat, X, YouTube, Pinterest, Reddit, Quora, or any other social media and/or networking site (collectively, “**Social Networking Sites**”). Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your profile or site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

We have the right to modify our policies regarding your use of social media and internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. We (or our Affiliate) are the sole registrant of the internet domain name www.oakwell.com, as well as any other internet domain names that we or our affiliates register in the future. You must not register any internet domain name that contains words used in, or similar to, any brand name owned by us or our affiliates, or any abbreviation, acronym, phonetic variation, or visual variation of those words.

You also agree and acknowledge that you will access and utilize any System Site we establish for use in connection with the System, including, without limitation, to publish and circulate updates to the Manuals.

## ITEM 12 TERRITORY

### **Franchise Agreement**

**Premises and Relocation.** You will operate your Franchised Business at the Premises approved by us. Once you have secured your Premises, we will provide you with a Territory within which you will have certain protected rights. You will not be permitted to relocate your Business without our prior written approval, which may be withheld in our discretion. We reserve the right to assess a relocation fee of \$5,000 in connection with any such relocation request. If we approve your relocation request, we retain the right to approve your new site in the same manner and under the same terms that are applied to your first site selection.

**Territory.** We expect that a typical Franchised Business will be awarded a Territory comprised of a 1.5-mile radius around the Premises of the Franchised Business. If a Franchised Business is located in a major metropolitan downtown area, or similarly situated or populated central business district (a “**Densely Populated Area**”), a typical Territory may be between two (2) blocks and up to 1.5 miles around the approved Premises. In certain venues, such as Non-Traditional Locations, your Territory may be limited to the venue itself or a portion thereof. We do not have a minimum Territory we must award to you under your Franchise Agreement.

We will determine and designate your Territory as we deem appropriate in our discretion. The size of your Territory will likely vary from the territory granted to other franchisees based on the location and demographics surrounding your Franchised Business.

The boundaries of your Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made), county lines, or otherwise delineated on a map. If we determine, in our discretion, to base your Territory on population, then the sources we use to determine the population within your Territory will be supplied by (i) the territory mapping software we determine to license or otherwise use, or (ii) publicly available population information, such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources.

If and when you are granted a Territory, we will not open, locate, or license to any third party the right to open or locate, another System Business utilizing the Proprietary Marks and System from a physical location within that Territory, until such time that your Franchise Agreement expires or is terminated.

We reserve the right to locate System Businesses at certain “Non-Traditional Sites” within your Territory and, for this reason, we must provide the following disclosure:

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

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control, or impose conditions on the location, operation, or otherwise of present or future Businesses, using any of the other brands or Marks that we now, or in the future, may offer. We may also operate or license System Businesses or distribution channels of any type, including licensed, franchised, or company-owned, regardless of their location or proximity to the Premises and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products, and/or services, in which we may be involved, now or in the future.

Your Franchised Business and other System Businesses will be able to provide the Approved Services and

Approved Products to any guest that visits or otherwise reaches out to your Franchised Business, and will be permitted to market and advertise outside of your Territory. However, you will not be permitted to advertise and promote your Franchised Business via advertising that is directed within the Territory of another System Franchised Business without the express written consent of such Franchised Business owner.

### **Reserved Rights**

We and our parent/affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement: (i) establish and operate, and license any third party the right to establish and operate, other Businesses and Franchised Businesses using the Proprietary Marks and System at any location outside of your Territory(ies), (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Territory(ies), (iii) use the Proprietary Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Services in any alternative channel of distribution, within or outside the Territory(ies), including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc., as further described below, (iv) to (a) acquire, merge with, be acquired by, or otherwise affiliate with, any other company, and (b) have us or any successor/acquiring entity own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Territory(ies), (v) own and operate Businesses in “Non-Traditional Locations” including, but not limited to, airports, malls, any captive venue that requires a ticket or other membership to access, military bases, academic institutions, hospitals, sports arenas, and stadia, “big box” gyms and fitness centers, train stations, and/or casinos, both within or outside your Territory(ies), and (vi) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement.

The Franchise Agreement does not grant you the right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent/affiliates, or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders via alternate channels of distribution within your Territory.

### **Internet Sales & Alternative Channels of Commerce**

We may sell products and services to customers located anywhere, even if such products and services are similar to what we sell to you and what you offer at your Franchised Business. We may use the internet or alternative channels of commerce to sell our brand’s products and services. You may only sell the products and services from the Premises of your Franchised Business and may only use the internet or alternative channels of commerce to offer or sell the products and services as permitted by us. We may require you to submit samples of all advertising and promotional materials, and any use of the Proprietary Marks and/or other forms of commercial identification, for any media, including the internet or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Franchised Business must be in good taste and not linked to illegal or inappropriate content. We reserve the right to create and manage any social media websites/pages and be the sole provider of information regarding the Franchised Business on such websites/pages (e.g., a system-wide Facebook page). At our request, you must promptly modify or remove any online communication that does not comply with the Franchise Agreement or the Manuals.

### **Additional Disclosures**

The Franchise Agreement does not provide you with any right or option to open and operate additional


Franchised Businesses. Each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Franchised Business and that provide the Approved Products and Approved Services under a different trade name or trademark, but we and our affiliate(s) reserve the right to do so in the future without your consent.

### **ITEM 13 TRADEMARKS**

We grant you a limited, non-exclusive license to use our then-current Proprietary Marks in connection with the operation of your Franchised Business, provided that you use these Proprietary Marks as outlined in your Franchise Agreement(s) and our Manuals, and only at your Premises and within your Territory. You do not obtain any additional rights to use any of our Proprietary Marks under any Development Agreement you enter into.

Our affiliate, OIP, is the owner of the following Proprietary Marks that are currently registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

<b>Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
Oakwell	7874339	July 29, 2025
Oakwell Cosmetics	7991421	October 21, 2025
	8018394	November 11, 2025

Our affiliate, OIP, is also the owner of the following Proprietary Marks, which are currently pending registration on the Principal Register of the USPTO:

<b>Mark</b>	<b>Serial Number</b>	<b>Application Filing Date</b>
Oakwell Beer Spa	98941749	January 7, 2025

With respect to the latter two (2) Proprietary Marks above only, these marks are currently pending; when appropriate, we will work with OIP to ensure that all required affidavits and filings necessary to maintain the registration for the Proprietary Marks above are timely filed with the USPTO. We do not have a federal registration for these principal trademarks. Therefore, these marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have the right to use the preceding Proprietary Marks and license the use of the same in connection with the franchise system, pursuant to a royalty-free, perpetual intellectual property licensing agreement with OIP dated January 16, 2025.

We reserve the right in our sole discretion to cease use of any trademark. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending infringement, opposition, or cancellation proceedings involving the Proprietary Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any of the Proprietary Marks. To our knowledge, there are no infringing uses that could materially affect your use or our ownership rights in the Proprietary Marks or our rights in the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our affiliate's ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlements. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement.

We reserve the right, at our sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different Proprietary Marks for use in identifying the System and the businesses operating under these marks. You must comply with any changes, revisions and/or substitutions at your sole cost and expense.

#### **ITEM 14**

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

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Manuals. The Manuals are described in Item 11, which also describes the limitations on the use of the Manuals by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, software source code, and other Confidential Information as defined below.

To our knowledge, there currently are no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or to protect or defend you in connection with any copyrights.

We reserve the right to revise our System and any of our copyrighted materials at our discretion and may require you to cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

In general, our proprietary information includes "Confidential Information" as defined in our current

Franchise Agreement, some of which is contained in our Manuals, and includes, among other things, all information (current and future) relating to the operation of the Business or the System, including, among other things, all: (i) Manuals, training, techniques, processes, policies, procedures, systems, data, and know-how regarding the development, marketing, operation and franchising of the Businesses; (ii) designs, specifications and information about products and services, and (iii) all information regarding members and suppliers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information needed for the operation of your Franchised Business, and you may learn additional information during the term of your Franchise Agreement. We have all rights to the Confidential Information, and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must (i) use the Confidential Information only for the operation of your Franchised Business under a Franchise Agreement with us, (ii) maintain the confidentiality of the Confidential Information, (iii) not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information, and (iv) follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

We have the right to use and authorize others to use all ideas, techniques, methods, and processes relating to the Franchised Business that you or your employees conceive or develop. You also agree to fully and promptly disclose all ideas, techniques, and other similar information relating to the operations of your Franchised Business that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, techniques, and similar information without compensation or other obligations.

#### **ITEM 15**

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

When you sign the Franchise Agreement, you must designate an individual to serve as your “Operating Principal.” The Operating Principal may be you or someone that you appoint. Your Operating Principal must be approved by us prior to assuming the role. Approval may be contingent upon the individual’s experience, qualifications, and completion of required training programs. We reserve the right to request background checks, interviews, or additional documentation as part of the approval process. Any assistance we provide in reviewing or approving your Operating Principal will in no way constitute an assurance, representation, or warranty of any kind as to the suitability of that person for their role, a representation of their character or abilities, or for any other purpose.

Your Operating Principal must maintain regular on-site presence at your Franchised Business and devote their full time and best efforts to the supervision of your operations under the Franchise Agreement. As a result, your Operating Principal may not engage in any other businesses and must keep free from any conflicting enterprises or any other activities which would interfere with the exertion of their full time and personal best efforts to operate your Franchised Business.

The Operating Principal must satisfy our training requirements, including, but not limited to, attending our Initial Training Program and all mandatory Additional Training. Your Operating Principal must guarantee your performance under the Agreements and will be individually, jointly, and severally bound by all of your obligations and the obligations of the Operating Principal and a Principal under the Franchise Agreement.

You must notify us promptly if your Operating Principal cannot continue to serve or no longer qualifies as an Operating Principal. You will have 30 days from the date of the notice, or from any date that we

independently determine the Operating Principal no longer meets our standards, to take corrective action. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement. You must also notify us if your Operating Principal will be absent from the business for more than 30 consecutive days and provide us with a temporary replacement plan for that time, subject to our approval.

You may, at your option, designate Store Managers to supervise your operations under the Franchise Agreement. Even if you designate Store Managers to supervise the day-to-day operations under the Franchise Agreement, your Operating Principal remains ultimately responsible for the Store Manager's performance.

You must also retain, at all times during the term of the Franchise Agreement, an adequate number of personnel to operate your Franchised Business.

At our request, you must have your Store Managers, Operating Principal, and any other personnel who will have access to our Confidential Information agree in writing to maintain the confidentiality of information they have access to through their relationship with you. These covenants will be in the form of Attachment B-1 to the Franchise Agreement. Those of your ownership or management personnel who are not signing the Guaranty must execute confidentiality and non-competition covenants in the form of Attachment B to the Franchise Agreement.

If you are an individual, then your spouse (if any) will also be required to sign the Franchise Agreement or, in the alternative, the form of Personal Guaranty attached to the Franchise Agreement as an Exhibit (the "**Guaranty**"). If you are a business entity (limited liability company, corporation, partnership, etc.), then (a) each of your shareholders/members/partners that own 5% or more of the franchisee entity (the "**Applicable Owners**"), as applicable, must sign the Guaranty, and (b) at our option, the spouses, where applicable, of each such Applicable Owner must sign the Guaranty.

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

You must (i) sell or offer for sale only those products, merchandise, and services as we have expressly approved for sale in writing, (ii) sell or offer for sale all types of products, merchandise, and services we specify, (iii) refrain from any deviation from our standards and specifications without our prior written consent, and (iv) discontinue selling and offering for sale any products, merchandise, and services which we may, in our discretion, disapprove in writing at any time.

You must only offer and sell the Approved Products at retail, and you are not permitted to sell such Approved Products (including all retail merchandise) at wholesale or for resale of any other kind. All Approved Products, including inventory used in connection with the Approved Services, that are sold or offered for sale at your Franchised Business must meet our then-current standards and specifications, as established in the Manuals or otherwise in writing. The Franchise Agreement does not limit our right to make changes in the types of authorized products, merchandise, and services.

All Approved Products and Approved Services that require a license in order for an individual to provide such services under the laws of the state where the Franchised Business is located must be provided by your appropriately licensed personnel. Our standard franchise offering expects and assumes that any personnel you hire will have the appropriate state and/or other licensing and certifications to provide the Approved Products and Approved Services for which they have been engaged or hired.

We have the right, subject to applicable federal and/or state laws, to specify the prices for the products and services you offer and sell, and to establish minimum and maximum prices for such products and services. You must strictly adhere to the lawful prices we establish, subject to applicable law. We retain the right to modify the prices from time to time in our reasonable discretion. You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons, gift cards, memberships, and incentive programs.

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

**The Franchise Relationship**

The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

**Franchise Agreement**

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the Initial Franchise Term	Section 3	10 years from the signing of the Franchise Agreement.
b. Renewal or Extension of the Term	Section 3	If Franchisee satisfies all of the requirements of the Franchise Agreement, Franchisee will have an option to renew the franchise relationship for one (1) consecutive, 10-year term.
c. Requirements for Franchisee to Renew or Extend	Section 3	Give timely notice; complete to Franchisor's satisfaction all maintenance, refurbishing, renovating, and remodeling that Franchisor requires of the Premises of the Franchise Business; not be in default of the Franchise Agreement or any other agreement and have complied with the standards and operating procedures prescribed by Franchisor; satisfy all monetary obligations owed to Franchisor or its affiliate(s); execution of the then-current form of Franchise Agreement, which may contain materially different terms and conditions than your original contract; pay Franchisor the applicable Renewal Fee; sign a release subject to state law; and remain in possession of the Premises of the Franchised Business.
d. Termination by Franchisee	Not Applicable	Not Applicable.
e. Termination by Franchisor Without Cause	Not Applicable	Not Applicable.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
f. Termination by Franchisor With Cause	Section 15	We have the right to terminate with cause.
g. "Cause" Defined – Curable Defaults	Section 15(C)	Curable defaults include: Franchisees failure to pay Franchisor amounts owed when due (5 days to cure); Franchisee fails to perform any of its obligations under the Franchise Agreement or any other Agreement between Franchisee and Franchisor or its Affiliate(s) (15 days to cure); Franchisee fails to furnish reports, financial statements, tax returns, or any other documentation required by the Franchise Agreement (15 days to cure); or Franchisee engages in any conduct or practice which, in the reasonable opinion of the Franchisor, reflects unfavorably upon or is detrimental to the Proprietary Marks, or to the good name, goodwill, or reputation of the Franchisor (5 days to cure).
h. "Cause" Defined – Non-Curable Defaults	Sections 15(A) and 15(B)	Non-curable defaults include: material misrepresentation on Franchisee's application for the Franchise Agreement; understatement of Gross Sales; Franchisee loses the right to possession of the Premises or the Lease; if required personnel fails to satisfactorily complete the Initial Training Program; unauthorized franchise transfers by Franchisee; Franchisee receives three or more notices of default in any consecutive 12 month period; Franchisee is adjudicated as bankrupt, insolvent, or commits any affirmative act of insolvency, or files any action or petition for insolvency; the Franchisee ceases or takes any steps to cease the operation of the Franchised Business; the Franchisee or Franchisee's principal does not timely cure a default within the applicable cure period under a different Franchise Agreement or other agreement with Franchisor or such an agreement becomes subject to termination or is terminated.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Franchisee's Obligations upon Termination or Non-Renewal	Section 16	Cease operations of the Franchised Business; de-identification; payment of amounts due to Franchisor and its affiliate(s); return the Manuals and all other Confidential Information or items imprinted with any of the Marks; sell to Franchisor products, furnishings, equipment, signs, fixtures, stationery, forms, packaging, and advertising materials at Franchisor's option; modify the interior and exterior of the Premises; if termination is a result of Franchisee's default, Franchisee must pay to the Franchisor all costs and expenses incurred as a result of that default; compliance with post-termination non-competition agreement; transfer all telephone numbers, domain names, email addresses, and social media accounts; and others.
j. Assignment of Contract by Franchisor	Section 13	The Franchisor may assign any or all of its rights arising from the Franchise Agreement, provided that the assignee agrees in writing to assume all obligations undertaken by the Franchisor.
k. "Transfer" by Franchisee – Defined	Sections 13(A) and 13(C)	Franchisee shall not sell, assign, transfer, mortgage, charge, grant a security interest in, or otherwise encumber any of the Franchisee's right and interest hereunder or in any assets of the Franchised Business, nor shall any of the guarantors transfer any of their shares in the capital of the Franchisee nor shall the Franchisee amalgamate, merge, reorganize, or engage in any similar proceeding, without in each case obtaining the prior written approval of the Franchisor.
l. Franchisor Approval of Transfer by Franchisee	Section 13(A)	All transfers require our prior written consent, which will not be unreasonably withheld, and we have a right of first refusal to acquire any proposed transfer of interest.
m. Conditions for Franchisor Approval of Transfer	Section 13(E)	Submit a copy of the offer relating to the Transfer, information relating to the character and business background of the proposed transferee; Franchisee's monetary and other obligations have been satisfied; Franchisee is not in default of any provision of any agreement with Franchisor or its affiliate(s); transferor signs a general release (subject to state law); transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs our then-current form of Franchise Agreement; transferee completes all required training programs; Franchisee pays a transfer fee to Franchisor; Transfer is in compliance with applicable bulk sales legislation; and others.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 13(D)	Except in certain circumstances, you must provide us with a period of 30 days to match any third-party <i>bona fide</i> offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.
o. Franchisor's Option to Purchase Franchisee's Business	16(I)	Upon termination or expiration of the Franchise Agreement, Franchisor has the option, but not the obligation, to purchase Franchisor's equipment, furnishings, inventory, and supplies owned and used by the Franchisee in connection with the operation of the Franchised Business at a price equal to the lesser of the book value or the fair market value of the property in question; Franchisor also has the option to have Franchisee assign its lease to Franchisor.
p. Death or Disability of Franchisee	Section 13(B)	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, an approved transfer must occur within 120 days.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-Competition Covenants During the Term of the Franchise	Section 14(A)	<p>During the term of the Franchise Agreement, Franchisee, nor any officer, director, executive, manager, Operating Principal, or member of the professional staff, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person (i) divert or attempt to divert any business or customer of the Franchised Businesses to any competing business (as defined in the Franchise Agreement), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; (ii) own an interest in, manage, operate, or perform services for any competing business which is located within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the Proprietary Marks or similar marks, or operates or licenses others to operate a business under the Proprietary Marks or similar marks; or (iii) subject to and as permitted by applicable law, employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates, or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 14(B)(1)  Section 14(B)(2)	For a period of two (2) years after the expiration, nonrenewal, transfer, or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners, Operating Principal(s), and guarantors, nor any member of the immediate family of Franchisee, its principals, owners, Operating Principal(s), or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation: (1) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, or have any interest in or involvement with any Competing Business: (i) at the Premises; (ii) within the Territory; or (iii) within a twenty-five (25) mile radius of (a) the perimeter of the Territory being granted hereunder or any other Territory licensed by Franchisor to a Franchised Business as of the date of expiration or termination of the Franchise Agreement, or (b) any other System Business that is in operations or under development as of the agreement termination/expiration date; (2) solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, or subject to and as permitted by applicable laws where the Franchised Business is located, solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment; or (3) subject to and as permitted by applicable state law, solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.
s. Modification of the Agreement	Section 18(D)	All amendments, changes, or variances from the Franchise Agreement must be in writing.
t. Integration / Merger Clause	Sections 18 and 22	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest Franchise Disclosure Document that we furnished to you.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute Resolution by Mediation or Arbitration	Section 21(B)  Section 21(C)	<p>You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation or arbitration, which will take place, at our option, in (a) Denver, Colorado, or (b) our then-current corporate headquarters. You must notify us of any potential disputes, and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated or arbitrated, the parties will split the fees and bear all of their other respective costs of the mediation/arbitration.</p> <p>(subject to applicable state law)</p>
v. Choice of Forum	Section 21(D) and 21(E)	<p>Subject to the other dispute resolution provisions set forth in the Franchise Agreement and disclosed above in this Item, all claims and causes of action arising out of the Franchise Agreement must be brought in the state or, if appropriate, federal court of general jurisdiction that is closest to (a) Denver, Colorado, or (b) the city and state where we have notified you in writing we have established our then-current corporate headquarters.</p> <p>(subject to applicable state law)</p>
w. Choice of Law	Section 21(A)	<p>The Franchise Agreement is governed by the laws of the State of Colorado, without reference to this state's conflict of laws principles.</p>

**ITEM 18  
PUBLIC FIGURES**

We do not presently use any public figures to promote our franchises.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATION**

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

### **Historical Financial Performance Representation**

This Item 19 presents certain historical financial performance information about our affiliate-owned spas during the 2022, 2023, and 2024 calendar years (the “**Measurement Period**”).

As of the issuance date of this Franchise Disclosure Document, we have two (2) affiliate-owned spas (each an “**Affiliate-Owned Spa**”), one of which first opened in February 2021 and is located in Denver, Colorado (the “**Denver Spa**”), and one of which first opened in April 2025 and is located in Highlands Ranch, Colorado (the “**Highlands Ranch Spa**”).

This Item 19 discloses the total gross sales and certain disclosed expenses for the Denver Spa during the Measurement Period. We have excluded from this Item 19 the financial performance of the Highlands Ranch Spa, because it first opened in April 2025 and therefore was not open during the Measurement Period.

The information in this Item 19 was reported to us by the owner of the Denver Spa. We have not audited this information. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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**Table 1 – Disclosed Financial Performance of the Denver Spa During the Measurement Period**

	<u>2022</u>		<u>2023</u>		<u>2024</u>	
	<u>Total</u>	<u>% of Gross Sales</u>	<u>Total</u>	<u>% of Gross Sales</u>	<u>Total</u>	<u>% of Gross Sales</u>
<b>GROSS SALES<sup>1</sup></b>						
Gross Sales – Beverages	\$279,940.41	12.53%	\$306,439.72	11.50%	\$276,039.58	10.73%
Gross Sales – Retail	\$166,478.18	7.45%	\$176,660.03	6.63%	\$150,516.45	5.85%
Gross Sales – Spa Services & Enhancements	\$1,929,128.27	86.34%	\$2,366,288.82	88.78%	\$2,339,963.85	90.92%
Adjustments <sup>2</sup>	(\$141,308.62)	-6.32%	(\$184,088.02)	-6.91%	(\$192,779.45)	-7.49%
<b>Total Gross Sales</b>	<b>\$2,234,238.24</b>	<b>100%</b>	<b>\$2,665,300.55</b>	<b>100%</b>	<b>\$2,573,740.43</b>	<b>100%</b>
<b>COST OF GOODS SOLD (COGS)<sup>3</sup></b>						
CoGS - Beverages	\$67,674.49	3.03%	\$85,893.25	3.22%	\$77,052.71	2.99%
CoGS - Retail	\$84,304.32	3.77%	\$69,885.36	2.62%	\$95,684.60	3.72%
CoGS – Spa Services & Enhancements	\$63,381.20	2.84%	\$73,431.97	2.76%	\$64,707.49	2.51%
CoGS – Merchant Account Fees	\$65,147.34	2.92%	\$72,849.92	2.73%	\$70,255.05	2.73%
<b>Total COGS</b>	<b>\$280,507.35</b>	<b>12.55%</b>	<b>\$302,060.50</b>	<b>11.33%</b>	<b>\$307,699.85</b>	<b>11.96%</b>
<b>TOTAL GROSS SALES LESS COGS</b>	<b>\$1,953,730.89</b>	<b>87.45%</b>	<b>\$2,363,240.05</b>	<b>88.67%</b>	<b>\$2,266,040.58</b>	<b>88.04%</b>
<b>ADDITIONAL DISCLOSED EXPENSES<sup>4</sup></b>						
Business Insurance <sup>5</sup>	\$14,238.91	0.64%	\$17,648.91	0.66%	\$23,991.60	1.06%
Job Supplies <sup>6</sup>	\$41,371.87	1.85%	\$42,871.77	1.61%	\$37,101.28	1.64%
Employee Meals, Gifts & Events <sup>7</sup>	\$10,745.39	0.48%	\$14,855.68	0.56%	\$16,296.99	0.72%
Salary and Wages <sup>8</sup>	\$716,349.58	32.06%	\$570,719.89	21.41%	\$616,388.64	27.20%
Payroll Tax Expenses & Payroll Processing Fees <sup>9</sup>	\$106,898.08	4.78%	\$108,425.72	4.07%	\$109,790.53	4.85%
Tax & Accounting Services <sup>10</sup>	\$26,400.00	1.18%	\$26,400.00	0.99%	\$26,400.00	1.17%
Rent <sup>11</sup>	\$83,118.06	3.72%	\$73,540.32	2.76%	\$88,169.16	3.89%

Repairs & Maintenance <sup>12</sup>	\$21,701.05	0.97%	\$22,368.93	0.84%	\$22,844.97	1.01%
Software Subscriptions & Office Supplies <sup>13</sup>	\$7,058.25	0.32%	\$8,604.09	0.32%	\$7,669.28	0.34%
Uniforms <sup>14</sup>	\$854.18	0.04%	\$1,246.96	0.05%	\$1,753.31	0.08%
Utilities <sup>15</sup>	\$49,002.49	2.19%	\$50,133.11	1.88%	\$43,063.41	1.90%
<b>Total Disclosed Expenses</b>	<b>\$1,077,737.86</b>	<b>55.16%</b>	<b>\$936,815.38</b>	<b>39.64%</b>	<b>\$993,469.17</b>	<b>43.84%</b>
<b><u>TOTAL GROSS SALES LESS COGS &amp; DISCLOSED EXPENSES</u></b>	<b>\$875,993.03</b>	<b>39.21%</b>	<b>\$1,426,424.67</b>	<b>53.52%</b>	<b>\$1,272,571.41</b>	<b>49.44%</b>
<b>IMPUTED FEES</b>						
Royalty (Imputed) <sup>16</sup>	\$156,396.68	7.00%	\$186,571.04	7.00%	\$180,161.83	7.00%
Brand Fund Contribution (Imputed) <sup>17</sup>	\$44,684.76	2.00%	\$53,306.01	2.00%	\$51,474.81	2.00%
Local Advertising Requirement (Imputed) <sup>18</sup>	\$33,513.57	1.50%	\$39,979.51	1.50%	\$38,606.11	1.50%
Technology Fee (Imputed) <sup>19</sup>	\$13,200	0.59%	\$13,200.00	0.50%	\$13,200.00	0.51%
<b>Total Imputed Fees</b>	<b>\$247,795.02</b>	<b>11.09%</b>	<b>\$293,056.56</b>	<b>11.00%</b>	<b>\$283,442.75</b>	<b>11.01%</b>
<b><u>TOTAL GROSS SALES LESS COGS, DISCLOSED EXPENSES &amp; IMPUTED FEES</u></b>	<b>\$628,198.02</b>	<b>28.12%</b>	<b>\$1,133,368.11</b>	<b>42.52%</b>	<b>\$989,128.66</b>	<b>38.43%</b>

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## NOTES TO ITEM 19:

**A. Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

### **B. Defined Terms**

- (1) **Gross Sales.** "Gross Sales" means the total revenue generated by the Denver Spa during the Measurement Period, including all revenue generated from the sale and provision of (a) alcohol and non-alcoholic beverages ("Gross Sales – Beverages"), (b) retail products sold from the Denver Spa storefront, offsite events, and online ("Gross Sales – Retail"), and (c) spa services, enhancements, private parties, and special events offered and sold by the Denver Spa ("Gross Sales – Spa Services & Enhancements"). "Gross Sales" does not include staff gratuities, gift card sales, or sales tax.
- (2) **Adjustments.** "Adjustments" means the total amount of approved refunds, discounts, credits, and/or allowances issued to customers of the Denver Spa during the Measurement Period. Several top-selling spa packages sold during the Measurement Period included beverage credits and retail credits as part of the package. As of 2025, Oakwell's revised service menu no longer contains packages that include beverage credits or retail credits, so adjustments are projected to decrease significantly in subsequent years.
- (3) **Cost of Goods Sold** means the total costs and/or expenses incurred by the Denver Spa during the Measurement Period on (a) alcohol and non-alcoholic beverages ("CoGS – Beverages"), (b) the retail products made available for sale from the Denver Spa storefront, offsite events, and online, or otherwise used in business operations ("CoGS – Retail"), (c) spa services, enhancements, private parties, and special events ("CoGS – Spa Services & Enhancements"), and (d) credit card and other merchant processing fees ("CoGS - Merchant Account Fees").
- (4) **Additional Disclosed Expenses** include those items listed in Table 1 above. It does not include all costs and expenses incurred by the Denver Spa during the Measurement Period. You will incur additional expenses in the operation of your Franchised Business. See below in this Item 19 for additional information.
- (5) **Business Insurance** means the total costs incurred by the Denver Spa on business liability insurance premiums and workers' compensation insurance premiums during the Measurement Period. You may incur additional insurance-related expenses in connection with the operation of your Franchised Business. See Item 8 for our current insurance requirements.
- (6) **Job Supplies** means the amounts expended by the Denver Spa on miscellaneous job supplies during the Measurement Period, including, but not limited to, cleaning supplies, paper goods, and other non-purchasable inventory.
- (7) **Employee Meals, Gifts & Events** means the amounts expended by the Denver Spa during the Measurement Period on complimentary team meals, work anniversary and birthday gifts, and quarterly offsite employee appreciation events for employees of the Denver Spa.
- (8) **Salary & Wages** means the total amounts expended by the Denver Spa in salary and wage payments to employees and management during the Measurement Period. During the majority of the Measurement Period, the Denver Spa employed an average of fourteen (14) full-time hourly employees, as well as two (2) full-time Store Managers. In 2022, the company owners

served as Store Managers and were paid a higher salary than typical Store Managers. Starting in 2023, the two company owners were replaced by two Store Managers who were paid salaries typical for their experience and the role.

- (9) **Payroll Taxes and Payroll Processing Fees** means the total amounts expended by the Denver Spa on (a) payroll taxes, and (b) payroll processing fees during the Measurement Period.
- (10) **Tax & Accounting Services** means the total amounts expended by the Denver Spa on (a) monthly bookkeeping services, and (b) tax return preparation services during the Measurement Period.
- (11) **Rent** means the total base rent and CAM fees incurred by the Denver Spa for the triple-net lease for their Premises during the Measurement Period.
- (12) **Repairs & Maintenance** means the total costs incurred by the Denver Spa on the maintenance and repair of the Premises and operational equipment during the Measurement Period.
- (13) **Software Subscriptions & Office Supplies** means the total costs incurred by the Denver Spa on (a) antivirus and endpoint protection software subscription fees, (b) digital password management software subscription fees, (c) self-pour technology software subscription fees, and (d) printer ink during the Measurement Period.
- (14) **Uniforms** means the total amounts expended by the Denver Spa on (a) employee aprons, and (b) employee spa shoe reimbursements during the Measurement Period.
- (15) **Utilities** means the total amounts expended by the Denver Spa on (a) water, (b) natural gas, (c) electricity, (d) waste removal services, and (e) cell phone services during the Measurement Period.
- (16) **Royalty (Imputed)** means the total amount in Royalty fees that the Denver Spa would have paid during the Measurement Period had the Denver Spa signed our current form of Franchise Agreement. The current Royalty fee is seven percent (7%) of Gross Sales. The Denver Spa does not pay a Royalty, and these amounts are included for illustrative purposes only.
- (17) **Brand Fund Contribution (Imputed)** means the total amount in Brand Fund Contributions the Denver Spa would have made had the Denver Spa signed our current form of Franchise Agreement and contributed at the level required of current System franchisees. The current required Brand Fund Contribution is three percent (2%) of Gross Sales. The Denver Spa may, but is not currently required to, make contributions to the Brand Fund, and if it does, it may contribute different amounts. These amounts are included for illustrative purposes only.
- (18) **Local Advertising Requirement (Imputed)** means the total Local Advertising Requirement expenditures the Denver Spa would have been required to make during the applicable Measurement Period had the Denver Spa signed our current form of Franchise Agreement and spent the minimum amount required. The current Local Advertising Requirement is one and a half percent (1.5%) of Gross Sales. These amounts are included for illustrative purposes only.
- (19) **Technology Fee (Imputed)** means the total amount of Technology Fees the Denver Spa would have paid had the Denver Spa signed our current form of Franchise Agreement. The current Technology Fee is \$1,100 per month. The Denver Spa is not required to pay us a Technology Fee, and these amounts are included for illustrative purposes only.

C. The Denver Spa operates under our Proprietary Marks and offers all approved spa services and retail products that our System franchisees are authorized to offer and sell from their Franchised Businesses. However, please note that the Denver Spa (i) is a mature outlet that first opened and commenced operations in February 2021, and therefore has more operational history as of the commencement of the Measurement Period, and (ii) is located in the Denver, Colorado area where the Proprietary Marks and Approved Products have garnered a reputation and goodwill that may not yet exist in the geographical area where you open a new Franchised Business..

D. You should develop your own business plan for your franchise, including capital budgets, financial statements, projections, pro forma financial statements, and other elements appropriate to your circumstances. We encourage you to consult with your own accounting, business, and legal advisors to assist you in preparing your business plan.

E. As described above, the information presented in this Item 19 does not include or reflect all operating expenses of the Denver Spa during the Measurement Period, including any costs and expenses associated with (a) advertising & marketing, (b) bank charges & fees, (c) business vehicle expenses, (d) interest paid on loans, (e) business meal and entertainment expenses, (f) employee benefits, including health insurance and retirement plan contributions, (g) business license and permitting fees, (h) owners' compensation and draws, (i) depreciation expenses, (j) legal and professional services, and (k) certain other operating costs and expenses that you may incur in connection with the operation of your Franchised Business. Franchisees or former franchisees listed in Exhibit D of this Franchise Disclosure Document may be one source of this information.

F. Other than the payroll tax information disclosed above, the information presented in this Item 19 excludes tax liabilities, including sales tax, property tax, and local taxes. You will be responsible for all taxes incurred in connection with the operation of your Franchised Business. You are strongly advised to consult with a tax professional before investing in this franchise opportunity.

Other than the preceding financial performance representation, we do not make any financial performance representation. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Jessica Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing Street, Denver, Colorado 80205, Telephone (720) 282-0058, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**TABLE 1**  
**System-Wide Outlet Summary**  
**For Fiscal Years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
<b>Total Outlets</b>	<b>2022</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2023</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2024</b>	<b>1</b>	<b>1</b>	<b>0</b>

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than The Franchisor)**  
**For Fiscal Years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Total</b>	<b>2022</b>	0
	<b>2023</b>	0
	<b>2024</b>	0

**TABLE 3**  
**Status of Franchised Outlets**  
**For Fiscal Years 2022 To 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations– Other Reasons	Outlets at End of Year
<b>Total</b>	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	0	0	0	0	0	0
	<b>2024</b>	0	0	0	0	0	0	0

**TABLE 4**  
**Status of Company-Owned Outlets**  
**For Fiscal Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Colorado	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Total</b>	<b>2022</b>	1	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	1
	<b>2024</b>	1	0	0	0	0	1

**TABLE 5**  
**Projected Openings**  
**As of December 31, 2024**

State	Franchise Agreement Unit Signed but Not Yet Open	Projected New Franchised Units Opening in Fiscal Year 2025	Projected New Company-Owned Units in Fiscal Year 2025
Colorado	0	0	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>

A list of the names, addresses, and telephone numbers of our current franchisees as of the issuance date of this Franchise Disclosure Document, as well as a list of the names, addresses and telephone numbers of our franchisees who have had a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document, are attached as **Exhibit D**.

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

In the last three fiscal years, we have not required franchisees to enter into any confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system.

As of the Issuance Date of this Franchise Disclosure Document, there are no trademark-specific franchisee organizations that require disclosure under this Item.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit F of this Franchise Disclosure Document is our audited opening day balance sheet dated as of August 25, 2025.

We have not been franchising for three (3) years and, as such, we do not have, and are not required to provide, the audited financial statements that would otherwise require disclosure in this Item. Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22 CONTRACTS**

Copies of the following contracts or documents are also attached as Exhibits to the Disclosure Document that you may be required to execute in connection with your franchise purchase:

Franchise Agreement (and Exhibits)	Exhibit B
Confidentiality and Non-Disclosure Agreement	Exhibit F
Sample Form of General Release Agreement	Exhibit G
State Specific Addenda	Exhibit H
Franchisee Questionnaire	Exhibit I

## **ITEM 23 RECEIPTS**

A receipt in duplicate is attached to this Franchise Disclosure Document as Exhibit K. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy via Docusign, via email at [info@oakwellfranchise.com](mailto:info@oakwellfranchise.com), or via certified mail at: Attn: Jessica Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing Street, Denver, CO 80205.

**EXHIBIT A TO  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

## LIST OF STATE ADMINISTRATORS

### California

Department of Financial Protection and  
Innovation  
320 West 4th Street  
Suite 750  
Los Angeles, California 90013  
1-866-275-2677

### Florida

Florida Department of Agriculture &  
Consumer Services  
Division of Consumer Affairs  
PO Box 6700  
Tallahassee, Florida 32314-6700

### Hawaii

Business Registration Division  
Securities Compliance Branch  
Department of Commerce & Consumer Affairs  
335 Merchant Street  
Honolulu, Hawaii 96813

### Illinois

Office of Attorney General  
Franchise Division  
500 South Second Street  
Springfield, Illinois 62706

### Indiana

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

### Kentucky

Commonwealth of Kentucky  
Office of the Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

### Maryland

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

### Michigan

Michigan Department of Attorney General  
Consumer Protection Division  
Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913

### Minnesota

Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198

### Nebraska

Nebraska Department of Banking and Finance  
Bureau of Securities  
1526 K Street, Suite 300  
PO Box 95006  
Lincoln, NE 68508

### New York

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8285

### North Dakota

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

### Rhode Island

Division of Securities  
Department of Business Regulation  
John O. Pastore Center, Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

### South Dakota

Department of Labor and Regulation  
Division of Securities  
124 S. Euclid Ave., Suite 104  
Pierre, South Dakota 57501

### Texas

Statutory Document Section  
Secretary of State  
P.O. Box 13550  
Austin, Texas 78711

Virginia

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

Washington

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

Wisconsin

Department of Financial Institutions  
Division of Securities  
201 W. Washington Avenue, Suite 300  
Madison, Wisconsin 53703

## LIST OF AGENTS FOR SERVICE OF PROCESS

### California

Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and  
Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013  
1-866-275-2677

### Hawaii

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

### Illinois

Attorney General of the State of Illinois  
500 South Second Street  
Springfield, Illinois 62706

### Indiana

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

### Kentucky

Commonwealth of Kentucky  
Office of the Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
P.O. Box 2000  
Frankfort, Kentucky 40602

### Maryland

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

### Michigan

Michigan Department of Attorney General  
Consumer Protection Division  
Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913

### Minnesota

Commissioner of Commerce  
Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198

### Nebraska

Nebraska Department of Banking and Finance  
Bureau of Securities  
1526 K Street, Suite 300  
PO Box 95006  
Lincoln, Nebraska 68508

### New York

Secretary of State  
99 Washington Avenue  
Albany NY, 12231

### North Dakota

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

### Rhode Island

Division of Securities  
Department of Business Regulation  
John O. Pastore Center, Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

### South Dakota

Director of the Division of Securities  
Department of Labor and Regulation  
124 S. Euclid Ave., Suite 104  
Pierre, South Dakota 57501

### Texas

Statutory Documents Section  
Secretary of State  
P.O. Box 13550  
Austin, Texas 78711

Virginia

Clerk of the State Corporation Commission  
1st Floor  
1300 East Main Street  
Richmond, Virginia 23219

Washington

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

Wisconsin

Administrator  
Division of Securities  
Department of Financial Institutions  
201 W. Washington Avenue, Suite 300  
Madison, Wisconsin 53703

**EXHIBIT B TO  
FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

OAKWELL FRANCHISING, LLC  
FRANCHISE AGREEMENT

# Oakwell

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**Exhibit A: Data Sheet**

**Exhibit B: Form of Personal Guaranty**

**Exhibit C: Form of Collateral Assignment and Lease Addendum/Consent with Landlord**

**Exhibit D: EFT Withdrawal Authorization Form**

**Exhibit E: Accountant Authorization**

**Exhibit F: Form of Confidentiality and Non-Competition Agreement (for use by Franchisee for Management Personnel of the Franchised Business and Officers/Directors of the Franchisee)**

**Exhibit G: Conditional Assignment of Telephone/Facsimile Numbers and Domain Names**

**OAKWELL FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on \_\_\_\_\_ (“**Effective Date**”), by and between: (i) Oakwell Franchising, LLC, a Colorado limited liability company with a business address at 3004 N. Downing Street, Denver, Colorado 80205 (the “**Franchisor**”); and (ii) \_\_\_\_\_, a (resident of) (corporation organized in) (limited liability company organized in) \_\_\_\_\_ with a business address at \_\_\_\_\_ (the “**Franchisee**”).

**RECITATIONS**

A. Franchisor, as a result of the expenditure of time, skill, effort, and money, has developed and owns a unique system (the “**System**”) related to the establishment, development, opening, and operation of a business (each, a “**Franchised Business**”) that offers and provides (i) day spa services in private spa suites with infrared sauna therapy and hydrotherapy, and massage therapy, together with taproom service of alcoholic and non-alcoholic beverages for on-premises consumption (collectively, the “**Approved Services**”), and (ii) certain designated lines of bath, body, and home goods products (including beer-infused bath and body products), branded apparel and merchandise, and any other retail inventory Franchisor authorizes Franchisee to sell at retail from the Franchised Business (the “**Approved Products**”), all while utilizing the then-current proprietary marks Franchisor designates (the “**Proprietary Marks**”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements such as: proprietary methodology and procedures for the operation of a Franchised Business; (ii) instructions and standards regarding the use and provision of equipment that is utilized at a Franchised Business; (iii) established relationships with suppliers of certain products and services needed to purchase and utilize in connection with the development and/or ongoing operation of a Franchised Business; (iv) pre-opening and ongoing training; (v) site selection guidelines and criteria for a Franchised Business premises; (vi) standards and specifications for the design, layout, and construction of the interior and exterior of a typical Franchised Business; (vii) standards and specifications associated with trade dress and décor of a typical Franchised Business; (viii) standards and specifications for the furniture, fixtures, equipment, and supplies that must be utilized in connection with a Franchised Business; (ix) procedures for store management and quality control; (x) systems for ongoing operational assistance, and (xi) standards and specifications for marketing, advertising, bookkeeping, sales, and other aspects of operating a Franchised Business. Franchisor may change, improve, further develop, or otherwise modify the System from time to time, as Franchisor deems appropriate in Franchisor’s discretion.

C. The System and Franchised Businesses are identified by Franchisor’s Proprietary Marks, as well as certain other trade names, trademarks, service marks, and trade dress, all of which Franchisor owns or has obtained a license to use and license others to use in connection with the System. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified individuals and entities a franchise for the right to independently own and operate a single Franchised Business utilizing the Proprietary Marks and System at a location that Franchisor approves in writing (the “**Premises**”).

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the

Proprietary Marks, and understands and acknowledges the importance of Franchisor's high and uniform standards of quality, appearance, and service to the value of the System.

F. Franchisee desires to acquire a franchise for the right to operate a single Franchised Business from an approved location, and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Franchised Business based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

## **AGREEMENT**

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

### **1. ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE**

- A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document that Franchisee acknowledges was timely disclosed prior to Franchisee entering into this Agreement (the "FDD").
- B. The business venture contemplated by this Agreement involves business risks.
- C. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.
- D. Franchisee has received, read, and does understand this Agreement and any attachments.
- E. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.
- F. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the Franchised Business, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.
- G. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.
- H. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).

- I. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing.
- J. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques. Franchisee recognizes and acknowledges that, as of the date this Agreement is executed, Franchisor's Proprietary Marks may include both registered and unregistered marks (including marks that are pending registration), and Franchisor may modify such marks at any time it determines appropriate.
- K. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the FDD given to Franchisee by Franchisor.
- L. Franchisee represents and warrants that Franchisee (i) is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and (ii) has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- M. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits, and approvals, including those that are required to: (a) offer and provide the Approved Services; (b) offer and sell alcoholic beverages; and (c) operate the Franchised Business at the Premises and within the Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state, and local laws and regulations where the Franchisee is located.
- N. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including, without limitation, franchise agreements for the operation of a Franchised Business or a company-owned location; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

## 2. **GRANT OF FRANCHISE**

- A. **Grant of Franchise.** Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single Franchised Business.

- B. **Approved Premises.** The Franchised Business must be operated from a single Premises that Franchisor reviews and approves in writing.
- i. If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general search area (the “**Site Selection Area**”) on the data sheet attached to this Agreement as Exhibit A (the “**Data Sheet**”) wherein Franchisee must locate and secure the Premises as detailed in Section 6(A) of this Agreement.
  - ii. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their Franchised Business within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each Franchised Business, and resulting designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.
  - iii. Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet.
- C. **Relocation of Premises.** Franchisee may only use the approved Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor’s prior written consent, which may be withheld in Franchisor’s discretion. If Franchisor approves Franchisee’s relocation request: (i) Franchisee must secure an alternate location for the Franchised Business that meets Franchisor’s then-current site selection criteria for the Premises of the Franchised Business; (ii) at Franchisor’s request, Franchisee must pay Franchisor a relocation fee of \$5,000; and (iii) Franchisor retains the right to approve the new site location in the same manner and under the same terms that are applied to the initial site selection.
- D. **Territory.** Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises (the “**Territory**”) wherein Franchisor will not open or establish, or license a third party the right to open or establish, another business utilizing the Proprietary Marks and System from a physical location within that Territory, until this Agreement expires or is terminated, for so long as Franchisee is in compliance with this Agreement. The boundaries of the Territory once determined by Franchisor, if any, will be set forth in the Data Sheet.
- E. **Rights Not Granted.** Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Franchised Businesses and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Franchised Businesses, each of which will be governed by a separate form of Franchisor’s then-current franchise agreement.
- F. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its parent/affiliates reserve the exclusive right to conduct the following activities under this Agreement: (i) establish and operate, and license any third party the right to establish and operate, other Businesses and Franchised Businesses using the Proprietary Marks and

System at any location outside of the Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Territory; (iii) use the Proprietary Marks and System, as well as other such marks Franchisor designates, to distribute any Approved Products and/or Approved Services in any alternative channel of distribution, within or outside the Territory (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.), as further described below; (iv) to (a) acquire, merge with, be acquired by, or otherwise affiliate with, any other company, and (b) have Franchisor or any successor/acquiring entity own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Approved Services (but under different marks), within or outside the Territory; (v) market, offer, and provide the Approved Services directly to customers, including at their residence, office, or other location of choice and not from a physical location, anywhere inside or outside of the Territory; (vi) own and operate Businesses in “Non-Traditional Locations” including, but not limited to, airports, malls, any captive venue that requires a ticket or other membership to access, military bases, academic institutions, hospitals, sports arenas and stadia, train stations, casinos, both within or outside Franchisee’s Territory; and (vii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Agreement.

- G. **Modification of System.** Franchisor reserves the right to supplement, revise, or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification, or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System.

### 3. **TERM AND RENEWAL**

- A. **Initial Term.** Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years (“**Initial Term**”) commencing as of the Effective Date.
- B. **Renewal Requests and Conditions.** Franchisee may submit a request to renew this Agreement for one (1) additional, consecutive term of ten (10) years, and must provide such request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the Initial Term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:
1. At the time the renewal request is made, Franchisee is not in default of any provision of this Agreement, any amendment thereof or successor hereto, or any other agreement between Franchisee and Franchisor or the landlord of the Premises. Franchisee must also have complied with the terms and conditions of all the foregoing agreements during the term of this Agreement, as Franchisor determines in its reasonable discretion. In addition, Franchisee must, to Franchisor’s satisfaction, complete all maintenance, refurbishing, renovating, and remodeling that Franchisor may require of the Premises and remain in lawful possession of the Premises.

2. All obligations owed by Franchisee to Franchisor, its affiliates, and landlord of the Premises must have been satisfied at the time of the renewal request, and must have been timely performed throughout the term of this Agreement.
3. Franchisee must execute Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.
4. Franchisee pays Franchisor a Renewal Fee in the amount of fifty percent (50%) of the then-current initial franchise fee at least ninety (90) days prior to the expiration of the then-current term.
5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, managers, members, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.
6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.
7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Business within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of the Proprietary Marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, brand specifications, and design criteria for a newly-opened Franchised Business.

#### 4. **FEES AND PAYMENTS**

- A. **Overview of Fees and Amounts Payable by Franchisee.** In consideration of the rights and license granted herein, Franchisee agrees and acknowledges that it must pay the following amounts to Franchisor or its affiliate or, as noted below, the supplier that Franchisor designates or approves in writing (each, an "**Approved Supplier**"):
  1. *Initial Franchise Fee.* Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee amounting to Forty-Five Thousand Dollars (\$45,000) (the "**Initial Franchise Fee**"), which shall be deemed fully earned and non-refundable under any circumstances upon payment.
  2. *Royalty Fee.* Franchisee must pay Franchisor an ongoing royalty fee equal to seven percent (7%) of the Gross Sales of Franchisee's Franchised Business (the "**Royalty**" or "**Royalty Fee**"). The Royalty Fee, as well as all other recurring fees described in this Agreement, may be collected or remitted directly to Franchisor using any of the methods described more fully in Section 4(B) of this Agreement.

3. *Brand Fund Contribution.* Franchisee must contribute to the brand fund that Franchisor establishes for purposes of marketing, advertising, promoting, and otherwise developing the System, Proprietary Marks, and/or brand generally (the “**Brand Fund**”) in an amount equal to two percent (2%) of the Gross Sales of the Franchised Business (the “**Brand Fund Contribution**”), as set forth more fully in Section 9 of this Agreement.
4. *Technology Fee.* Franchisee must pay Franchisor or its Approved Supplier a recurring technology fee of \$1,100 per month (the “**Technology Fee**”) for the technology products and services Franchisor requires to be used in connection with the System.
5. *Lease and Construction Contract Review Fee.* Franchisee must send Franchisor its lease and construction contract for approval before signing. For each lease Franchisor reviews, a one-time lease review fee of \$2,500 will apply. For each construction contract Franchisor reviews, a one-time contract review fee of \$2,500 will apply. Any assistance provided in reviewing Franchisee’s lease or construction contract will in no way constitute an assurance, representation, or warranty of any kind as to the suitability of these agreements or for any other purpose. Franchisee is advised to have all legal documents reviewed by a personal legal advisor.
6. *All Other Amounts Due in Connection with the Franchised Business.* In addition to the specified fees and amounts above, Franchisee will be required to pay or expend in connection with: (i) initial and ongoing training fees; (ii) designing and building out the Premises to conform with System standards, including, without limitation: architecture and engineering; leasehold improvements; furniture, fixtures and equipment; technology, audio & security systems; draft beverage systems and self-pour technology; interior and exterior signage; and all initial inventory and supplies required to commence operations, including the Initial Spa Product Package provided by Oakwell Cosmetics; (iii) computer software and hardware, including ongoing software licensing fees; (iv) legal and professional services; (v) business licenses and permits; and (vi) the items and services that Franchisee will be required to obtain and/or maintain throughout the term of this Agreement in accordance with Franchisor’s System standards and specifications, which may include required merchant and gift card processing and insurance. Franchisor may require Franchisee to purchase any of the foregoing items or services from Franchisor, its affiliate, or any other Approved Supplier.

**B. Method of Payment; EFT Account Authorization.**

1. *Payment Collection Methods.* Franchisor reserves the right to collect any and all fees described in Section 4(A) that are not paid upon execution of the Franchise Agreement via any method that Franchisor determines appropriate, including without limitation: (i) by collecting the amounts owed directly through the business management software, point-of-sale (“**POS**”) and/or payment processing software that Franchisor designates for use in connection with the Franchised Business before the balance of any Gross Sales collected via such software is remitted to Franchisee; and/or (ii) via an electronic funds transfer program (the “**EFT Program**”) under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement

between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “**EFT Account**”).

2. *EFT Program Participation.* In the event any amounts are collected from or remitted to Franchisee via an EFT Program, Franchisee must deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee’s bank name, address, and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s bank, all documents, including Franchisor’s form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including any change to the EFT Account.

- C. **Franchisor’s Right to Access Required Software and Other Computer System Components.** Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view any (a) business management, POS, payment processing, or other software that Franchisor requires or designates for use in connection with the Franchised Business (collectively, the “**Required Software**”), and (b) any other component of computer hardware, software, or technology the Franchisee uses in connection with the Franchised Business (collectively, the “**Computer System**”). Franchisor may access the Required Software and Computer System independently and remotely via the Internet, by remote access software, by other electronic means, or by visiting the Franchised Business. Franchisee must not restrict Franchisor’s access to such software or systems. Franchisee must also obtain and use the Computer System hardware, software, intranet, website portals, and other components that Franchisor prescribes for use in connection with the Franchised Business, including the designated POS and appointment management software which provides Franchisor access to Gross Sales Reports.
- D. **Gross Sales Definition.** For purposes of this Agreement, “**Gross Sales**” means all revenue generated from the sale and provision of any and all gift cards and other Approved Products and Services at or through the Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales include: (a) any other means of revenue derived from the operations of the Franchised Business, including the sale of memberships, merchandise, or any products or services that are sold by Franchisee, whether sold at the Premises or from an off-Premises location; (b) all revenue from the sale and/or redemption of gift cards, in accordance with then-current System Standards; (c) all revenue allocable to gift cards and/or discounts provided to friends, family, and employees; (d) all mandatory gratuity and/or service fees charged by the Franchised Business; and (e) the gross amount of any business interruption insurance or similar insurance payments.

“Gross Sales” does not include: (a) tips received from customers that are paid in full to Franchisee’s employees; (b) any sales tax or equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto; (c) the value of any approved discount, promotion, and/or allowance issued or granted to any guest of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of the Approved Products or Approved Services; and (d) refunds that are provided

to customers at the point of sale. Royalties collected on Gross Sales that are later subject to chargebacks will not be refunded.

The definition of “Gross Sales” may also include amounts charged to a customer that purchases a gift card, other electronic stored value card, or gift certificate from the Premises, if and as consistent with our then-current System policies, standards, and specifications regarding such cards or certificates, which Franchisor may modify at their discretion.

- E. **Right to Modify Collection Interval.** The parties agree and acknowledge that Franchisor may modify the interval at which Royalty Fees, Brand Fund Contributions, and other recurring fees upon written notice to Franchisee.
- F. **Financial Reports; Non-Reporting Enforcement Fee.** Franchisee shall provide Franchisor with monthly financial reports, consisting of a Profit and Loss Statement (P&L) and a Balance Sheet (collectively, the “**Financial Reports**”), no later than the 21<sup>st</sup> day of each month, covering the preceding calendar month. All Financial Reports must be prepared using the System’s standard accounting software and formatted in accordance with the System’s standard Chart of Accounts. Reports must be presented on a monthly basis and, if the business has been in operation for at least twelve (12) months, must include a minimum of twelve (12) months of historical data. In the event Franchisee fails to provide to Franchisor the monthly Financial Reports or other document that Franchisor requires hereunder, and does not cure the foregoing default by providing any such complete Financial Report and/or document within seven (7) days of the date Franchisor provides notice to Franchisee of said default, then Franchisee will be required to pay Franchisor a non-reporting enforcement fee amounting to \$1,000 (the “**Non-Reporting Enforcement Fee**”) per week that such report(s) and/or documents are delinquent. This fee requirement is in addition to all other remedies that Franchisor has hereunder. The parties agree and acknowledge that Franchisor may modify the reporting obligations, including related deadlines, at their discretion.
- G. **Late Payments; Non-Sufficient Funds or Dishonored Check.** If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full. Franchisee shall pay interest to the Franchisor, in addition to the overdue amount, at a rate of the lesser of (a) 1.5% per month (18% per year), or (b) the maximum rate permitted by applicable law; provided, however, that if the applicable law of the state where the Franchised Business is located imposes a lower cap (for example, in California, 10% per annum at the time of issuance), such cap shall apply. Franchisor may require Franchisee to make payments via electronic funds transfer (EFT) from an account designated by Franchisee (the “EFT Account”). Franchisee must pay Franchisor \$100 per occurrence if a check that Franchisee provides to Franchisor is dishonored by the bank or if Franchisee’s EFT Account does not have sufficient funds to cover amounts owed to Franchisor under the Franchise Agreement. Franchisor may debit the EFT Account for any past due amounts, together with any accrued interest and permitted charges.
- H. **Taxes Owed by Franchisee.** No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes,

charges, or assessments (including, without limitation, sales, use, excise, alcohol beverage, and similar taxes and fees, and all licensing and permitting fees associated with the sale and service of alcoholic beverages) shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor. Franchisor shall be responsible for all taxes, charges, or assessments that are assessed and assessable under applicable law against Franchisor by a relevant taxing authority in connection with the revenue the Franchisor actually collects and receives from Franchisee in connection with this Agreement.

- I. **Inability to Operate Franchised Business.** If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor, in its sole determination, may elect to waive the Royalty Fee for a period no greater than one hundred twenty (120) days commencing with the month in which the Franchisee gives Franchisor notice of the damage or loss. For avoidance of doubt, any such waiver, if granted, applies only to the Royalty Fee and does not obligate Franchisor to waive any other amounts due under this Agreement unless Franchisor agrees otherwise in writing.
- J. **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interests or rights in and to the real estate where the franchise is located (if Franchisee purchases its Premises), and all improvements to that real estate used in connection with the Franchised Business. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance and the disposition of any such collateral, to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to prepare, file, and record all financing statements (including UCC-1), financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request. Franchisor will agree to subordinate its security interest to any security interest of a lender that provides Franchisee purchase money financing to acquire assets and/or leased equipment required to start the Franchised Business, if the secured party agrees with Franchisor in writing that in the event of any default by Franchisee, Franchisor shall have the right at Franchisor's option to be substituted as obligor to the secured party and to cure any default.

## 5. **DUTIES OF FRANCHISOR**

- A. **Initial Training Program.** Subject to Franchisee's payment of all initial amounts owed to Franchisor upon execution of the Franchise Agreement, including the then-current initial training fee (the "**Initial Training Fee**"), Franchisor shall offer and make available an initial training program (the "**Initial Training Program**") for the Franchisee's designated operating principal (the "**Operating Principal**") and up to two (2) additional management-level individuals. The Initial Training Program will be conducted at Franchisor's corporate headquarters, virtually, at Franchisee's Premises, or other training location that Franchisor

designates, subject to the schedules and availability of Franchisor's training personnel. Franchisor will provide the Initial Training Program to additional owners of Franchisee, Operating Principals, or managers of the Franchised Business (subject to the availability of Franchisor's staff), provided Franchisee pays Franchisor its then-current Initial Training Fee for each individual that attends in addition to the first three (3) attendees. Franchisee is solely responsible for paying all trainee expenses related to training, including travel, lodging, meals, and wages. Completion of the Initial Training Program to Franchisor's satisfaction is a condition to opening the Franchised Business.

- B. **Initial Training Program Re-Training**. Franchisor will also provide the Initial Training Program to any replacement personnel, as well as to those who attend but fail to complete the Initial Training Program to Franchisor's satisfaction ("**Initial Training Program Re-Training**"), provided Franchisee pays Franchisor's then-current Training Fee. Franchisee is solely responsible for paying all trainee expenses related to training, including travel, lodging, meals, and wages. Franchisee is also responsible for reimbursing the travel, accommodation, and living expenses that are incurred by Franchisor in connection with Franchisor's training personnel providing Initial Training Program Re-Training on-site at the Franchised Business.
- C. **Additional and Remedial Training**. Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses ("**Additional Training**"), and require Franchisee and its management to attend such courses. Franchisor may also require Franchisee and its management to complete additional training to cure a default under this Agreement ("**Remedial Training**"). Franchisor may require Franchisee and its designated attendees to pay its then-current Training Fee in connection with attending Additional Training and Remedial Training, in addition to Franchisee's obligation to pay for all trainee expenses related to training, including travel, lodging, meals, and wages. If any such training is provided on-site at the Franchised Business, Franchisee must also reimburse Franchisor for the travel, accommodation, and living expenses of the trainer(s). Franchisor will not charge any training fee in connection with minor, day-to-day assistance provided remotely by phone or email, subject to availability.
- D. **Operations Manual and other Manual(s)**. Franchisor will loan Franchisee one (1) copy of its proprietary and confidential operations manual prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate (collectively, the "**Manuals**"). Franchisor will also provide Franchisee with access to a list of: (i) all furniture, fixtures, equipment, inventory, supplies, required software, and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the "**Required Items**"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items (collectively, the "**Approved Suppliers**"); and (iii) a list of the Approved Products and Approved Services then-authorized by Franchisor that Franchisee is authorized to offer, sell, or provide at and from the Franchised Business. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement, or otherwise modify these lists and the Manuals at any time upon written notice to Franchisee.
- E. **System Site(s)**. Franchisor may (but is under no obligation to) establish and maintain a website portal or other online or cloud-based website for use by Franchisee and other System franchisees (each, a "**System Site**"), wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which

Franchisee must strictly comply with promptly after such content is posted or otherwise contained on that System Site. In the event Franchisee or its personnel saves or prints out a hard copy of the Manuals, then such electronic/hard versions of said Manuals must be immediately returned upon expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section shall survive the term of this Agreement.

- F. **Proposals Regarding Premises; Site Selection Criteria.** Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Business, including Franchisor's then-current site selection criteria ("**Site Selection Guidelines**"), as it deems appropriate in its sole discretion. Franchisor may require that Franchisee use an Approved Supplier for site selection assistance. Franchisor will also review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee's proposed location, as well as the lease agreement for the Premises (the "**Lease**") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor will require a \$2,500 fee to review each proposed lease and a \$2,500 fee to review each construction contract. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of (i) the form of collateral assignment of lease and (ii) addendum attached to this Agreement at Exhibit C, which incorporates certain Franchisor-required terms and conditions (collectively, the "**Lease Addendum Terms**"). In addition, any proposed Premises must be properly zoned for, and capable of obtaining and maintaining, all governmental approvals, licenses and permits required to offer the Approved Services and to serve alcoholic and non-alcoholic beverages on premises, including liquor licenses, as applicable. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee.
- G. **Grand Opening Marketing Campaign.** Franchisor shall assist Franchisee, as it deems appropriate in its discretion, in developing and conducting a grand opening marketing campaign and to otherwise promote the Franchised Business within the Territory during its initial period of operations (the "**Grand Opening Marketing Campaign**"), which campaign will be conducted at Franchisee's expense utilizing the grand opening marketing fee described in Section 9 of this Agreement (the "**Grand Opening Marketing Fee**"). Franchisor will manage the Grand Opening Marketing Campaign on Franchisee's behalf.
- H. **Operational Support.** Franchisor may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Franchised Business. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.
1. Franchisor may provide such assistance via group webinar, telephone, fax, intranet communication, email, app, or any other communication channel Franchisor deems appropriate, subject to the availability and schedules of Franchisor's personnel.
  2. In the event Franchisee requests that Franchisor provide any type of assistance or training on-site at the Franchised Business, then Franchisee may be required to pay Franchisor's then-current training fee in connection with such training, in addition

to reimbursing Franchisor for any costs/expenses that Franchisor's personnel incur in connection with providing such assistance.

- I. **Review of Marketing Materials.** Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described in Section 9 of this Agreement.
- J. **Website.** For so long as Franchisor has an active website containing content designed to promote Franchisor's brand, System, and Proprietary Marks (the "**Website**"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.
- K. **Private Label Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be used by Franchisee and/or offered and sold by Franchisee as part of the Approved Products offered at the Franchised Business or used in connection with the provision of Approved Services at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier that Franchisor designates.
- L. **Audits & Inspections of the Franchised Business and Premises.** Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals, and the System standards and specifications. Such inspections may include inspections of the Premises, inspecting any and all books and records, and conducting mystery shop services. Inspections of the Premises will only occur during normal business hours and will only involve the physical area of the Premises specifically devoted to the Franchised Business. Franchisee is solely responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations. Franchisor reserves the right to be reimbursed the fee charged by the supplier of the mystery shop program if Franchisee fails a mystery shop inspection.
- M. **Administration of Brand Fund.** If and when established, Franchisor will administer the Brand Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.
- N. **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section 5, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and construction management) provided by Franchisor or its designee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied, or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit, or success.

- O. **Delegation of Duties.** Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.
- P. **Franchisee Acknowledgement Regarding Franchisor's Fulfillment of Pre-Opening Obligations.** If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within sixty (60) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees, and grants that Franchisor fully complied with all of its pre-opening and opening obligations set forth in this Agreement.
- Q. **Franchise Conference.** Franchisor may establish and conduct a franchise conference for Business owners and operators, and may require Franchisee to attend this conference for up to five (5) days each year. Franchisee will be solely responsible for all expenses incurred in attending the annual conference, including then-current attendance fees, plus attendee travel expenses, living expenses, and wages.

## 6. **DUTIES OF FRANCHISEE**

- A. **Securing a Premises.** Franchisee must secure a Premises within the Site Selection Area within four (4) months of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisor designates an Approved Supplier for site selection assistance, then it is strongly recommended that Franchisee use this Approved Supplier. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that the Lease contains the following terms as a condition to Franchisor's approval thereof:
  - 1. The leased Premises will be used solely for the operation of the Franchised Business and will offer only the Approved Services and Approved Products designated or otherwise approved by Franchisor;
  - 2. Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;
  - 3. Upon Franchisor's request, the landlord shall supply Franchisor with a current copy of the Lease;
  - 4. The landlord will notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and provide Franchisor with an opportunity to cure the default on behalf of Franchisee within a reasonable period of time;
  - 5. Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the business premises, including the right to sublease to another party operating a Franchised Business, for all or any part of the remaining term of the Lease upon: (i) Franchisee's default or termination under this Agreement; or (ii) Franchisee's default, termination, or expiration (and failure to renew) of the Lease. In connection with this assumption, Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and/or other charges attributable to more than one (1) month. The landlord shall give

Franchisor thirty (30) days upon termination of Franchisee's rights under the Lease to exercise this option, which Franchisor must do in writing; and

6. The Lease may not be amended, assigned, or terminated by the Franchisee without Franchisor's prior written approval.

Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies, and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.

- B. **Lease Compliance.** Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 6(A) above and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that business by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.
- C. **Building Out and Opening Franchised Business.** Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications, and any agreed-upon plans, and open the Franchised Business to the public no later than twelve (12) months after the date this Agreement is executed. Franchisor may recommend that Franchisee use an Approved Supplier for construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.
- D. **Licenses and Permits for Franchised Business.** Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits, and approvals to establish, open, and operate the Franchised Business at the Premises within the Territory, including all required licenses and permits related to the sale and provision of the Approved Services (including day spa services, such as infrared sauna therapy, hydrotherapy, and massage therapy) and to the on-premises sale and service of alcoholic and non-alcoholic beverages (including beer and wine) and other Approved Products provided at the Franchised Business.
- E. **Licensing Requirements for Personnel.** To the extent applicable in the state where the Franchised Business is located, Franchisee must ensure that the applicable Approved Services provided at the Franchised Business are only conducted by individuals that have the necessary licenses and/or other certifications or approval, if any, necessary to provide the Approved Services at issue. Franchisee must also ensure that all personnel involved in

the sale or service of alcoholic beverages maintain any responsible server/handler training, permits, or certifications required under applicable alcoholic beverage control laws.

- F. **Provision of Authorized Services and Products Only.** Franchisee must only offer and only sell the Approved Products and Approved Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specifications related to the manner in which the Approved Products and Approved Services are offered and sold without Franchisor's prior written consent. Franchisor has the right to add additional, delete, or otherwise modify certain of the Approved Products and the Approved Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.
- G. **Other Devices Prohibited at Premises.** Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, Internet kiosks, or any other electrical or mechanical device in the Franchised Business other than those Franchisor prescribes or approves.
- H. **Fixtures, Furniture, Signs, and Inventory.** Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, artwork, décor items, and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business more than once every five (5) years, unless such renovation/refurbishment is in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement.
- I. **Compliance with Applicable Laws.** Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto. Without limiting the foregoing, Franchisee is solely responsible for compliance with laws and regulations governing day spa and massage therapy services, the on-premises sale and service of alcoholic beverages (including required licenses, age-verification, server training, and hours-of-sale restrictions), food service, health and safety, sanitation, and applicable building codes and ordinances. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

- J. **Required Items.** Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, including without limitation, all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchisor designates (including any sole or Required Supplier(s) designated by Franchisor), which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from Required Item purchases.
- K. **Alternative Supplier Approval.** If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address, and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's procedure for evaluating and approving such request. Franchisor reserves the right to reimbursement of its actual expenses incurred in connection with the evaluation, not to exceed \$500 per request, regardless of whether Franchisor subsequently approved the item or supplier. At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Franchisor will notify Franchisee in writing whether or not Franchisee's request is approved or denied within ninety (90) days after: (i) Franchisor's receipt of all necessary information from Franchisee regarding Franchisee's request under this Section; and/or (ii) Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification, and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.
- L. **Computer Issues.** Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders in connection with the operation of the Franchised Business.

- M. **Promotional Materials Display.** Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing sales, specials, or other promotions that Franchisor designates.
- N. **Initial Training Program and Other Training/Conference Attendance.** Franchisee and each of its management personnel must attend and successfully complete the Initial Training Program at least thirty (30) days prior to the “soft opening” of the Franchised Business, and Franchisor reserves the right to charge its then-current Training Fee in connection with each person that attends the program in addition to the first three (3) trainees. Franchisee must cover all costs associated with personnel of Franchisee attending the Initial Training Program. Franchisee must also complete any additional or refresher training the Franchisor is permitted to require Franchisee to attend each year, and Franchisee must attend Franchisor’s annual conference if conducted. Any failure to attend and complete the Initial Training Program or other training/conferences described in this Section will be a material default of this Agreement and grounds for termination if not cured within the appropriate cure period set forth in this Agreement (if any).
- O. **Training of Employees.** Franchisee or at least one (1) of Franchisee’s personnel that has successfully completed the Initial Training Program must conduct training classes for, and properly train, all of Franchisee’s employees on sales, advertising, maintenance of the Premises, the POS/CRM System and the required Computer System components, as well as any other information that is relevant to each employee’s role with the Franchised Business, including Franchisor’s standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one person that has completed the Initial Training Program must manage the Franchised Business at all times. Franchisee must also ensure that all employees are trained on, and comply with, all applicable laws relating to the provision of the Approved Services and the sale and service of alcoholic beverages, including any required licensing, age-verification, and responsible service policies.
- P. **Hours of Operation.** Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed during all hours of operation.
- Q. **Image.** Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor’s standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture, and fixtures remain in good, clean condition and are properly displayed. Franchisor may require Franchisee to refurbish, renovate, and/or otherwise substantively modify the interior of the Franchised Business, including the furniture, fixtures, and equipment used at the Premises, no more than once every five (5) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor’s then-current System standards and specifications for a new Franchised Business.
- R. **Customer Lists, Agreements and Information.** Franchisee must (i) maintain a list of all of its current and former customers, as well as a copy of each such customer’s (a) membership agreement(s), (b) liability waiver(s), and (c) history of Approved Services received at the Franchised Business (collectively, the “**Customer Information**”); and (ii)

make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly provide or return all copies of Customer Information, which is deemed "Confidential Information" and Franchisor's exclusive property hereunder, to Franchisor upon expiration or termination of this Agreement for any reason. Franchisee acknowledges that Franchisor may have automatic access to any or all of this information via the Computer System and related software that Franchisor requires for use in connection with the Franchised Business.

- S. **Promotional Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must use commercially reasonable efforts to follow Franchisor's general pricing guidelines, including minimum pricing requirements, as set forth in any update to the Manuals or otherwise in writing. As an independent contractor under this Agreement, however, Franchisee may exercise flexibility in meeting competition, offering specials, and adapting to local market conditions. Franchisor may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions.
- T. **Operation of Franchised Business and Customer Service.** Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System, and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor may outline in the Manuals or otherwise in writing. Franchisee must at all times comply with all applicable laws governing day spa operations and the sale and service of alcoholic beverages.
- U. **Access for Inspections/Audit.** To determine whether Franchisee is complying with this Agreement, Manuals, and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview personnel and customers of the Franchised Business; and (iv) inspect, audit, and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information, POS/CRM reports, membership records, and taproom sales data (and Franchisor may exercise such rights by electronic means, where applicable). Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.
- V. **Personal Participation by Franchisee.** Franchisee must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee designates an Operating Principal that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business. If Franchisee designates an Operating Principal, that individual must (i) be approved by Franchisor prior to assuming the role, and such approval may be contingent upon such individual's experience and qualifications; (ii) maintain a regular on-site presence at the Franchised Business, and devote their full time and best effort to Franchised Business operations; (iii) not engage in any other businesses or conflicting enterprises which would interfere with the exertion of

their full time and best efforts with respect to the operation of the Franchised Business; (iv) successfully complete the Initial Training Program and any additional training Franchisor may require prior to assuming any management responsibilities; and (v) personally guarantee Franchisee's performance under the Franchise Agreement. Notwithstanding the foregoing, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.

- W. **Credit Cards and Payment Methods.** Franchisee shall accept as forms of payment only those credit cards, debit cards, and other non-cash electronic payment methods that Franchisor designates from time to time (collectively, "**Approved Payment Methods**"), and Franchisee shall not accept cash, checks, or any other form of payment not expressly authorized by Franchisor. Notwithstanding the foregoing, if the laws, regulations, or ordinances of the jurisdiction in which the Franchised Business is located (including any state, county, or municipal requirements) mandate that retail establishments accept cash or otherwise prohibit a "cashless" operation ("**Cash Acceptance Laws**"), then Franchisee shall comply with all such Cash Acceptance Laws. In any such jurisdiction, Franchisee shall (i) continue to accept the Approved Payment Methods designated by Franchisor, and (ii) implement any policies, procedures, signage, or operational measures that Franchisor may prescribe to ensure compliance with Cash Acceptance Laws while maintaining Franchisor's system standards to the fullest extent permitted. Franchisee shall promptly notify Franchisor in writing upon becoming aware of any Cash Acceptance Laws applicable to the Franchised Business or any change in such laws. Franchisee must comply with all applicable laws, regulations and rules related to credit card acceptance and processing, including Payment Card Industry (PCI) security standards.
- X. **Payments to Franchisor.** Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates, or any Approved Supplier, including without limitation all Royalties, Brand Fund Contributions, Technology Fees, and any other amounts due under this Agreement, the Manuals, or otherwise in writing.
- Y. **Employment Decisions.** Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained, and must hold and maintain all licenses, permits, and certifications required by applicable law to perform the Approved Services and to sell and serve alcoholic beverages from the taproom. To maintain the integrity of the System and to ensure compliance with System standards, Franchisor may require Franchisee to conduct independent employment screenings for all employees, including, at a minimum, county and national criminal background checks, national sex offender registry checks, and education verification (if applicable to the employee's role). It is Franchisee's sole responsibility to ensure that all background checks are conducted in full compliance with federal, state, and local law.

## 7. **PROPRIETARY MARKS**

- A. **Ownership of Proprietary Marks.** Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor or its affiliate, and Franchisee agrees that during the term of this Agreement, and after its expiration or termination,

Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor or its affiliate. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor and/or its affiliate that owns the Proprietary Marks, which may be claimed to strengthen and further secure ownership of the Proprietary Marks.

- B. **Permitted Use.** It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor or its affiliate), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.
- C. **Use of Proprietary Marks in Advertising and Signage.** To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:
1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;
  2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor; and
  3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This Oakwell® Beer Spa franchise is independently owned and operated."
- D. **Proprietary Marks are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, System, Manuals, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same is contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register, or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.

- E. **Legal Action Involving Proprietary Marks.** Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.
- F. **Modification or Substitution of Marks by Franchisor.** If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages.
- G. **Modification or Substitution of Proprietary Marks by Franchisee.** Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.
- H. **Cease Use of Marks on Termination/Non-Renewal.** Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.
- I. **Disconnection of Telephone Number on Termination/Non-Renewal.** Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory under any of the Proprietary Marks or any name confusingly similar thereto. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.
- J. **Non-Exclusive Use of Proprietary Marks.** Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits

of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.

K. **Acknowledgements.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address, or any social media or social networking profile/page;
2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefore without Franchisor's prior written consent; and
3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.

L. **Use Outside Scope.** Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.

M. **Notification of Infringement.** Franchisee shall notify Franchisor within three (3) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.

N. **Indemnification Regarding Marks.** Franchisor will defend Franchisee against any third-party claim, suit, or demand brought against Franchisee that arises out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided Franchisee's use is in full compliance with this Agreement and Franchisor's standards and specifications, and provided further that Franchisee notifies Franchisor in writing of such third-party claim promptly (and in any event within three (3) calendar days) after receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. If Franchisor, in

its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor will bear the cost of defense, including the cost of any judgment or settlement. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee must bear the cost of defense, including the cost of any judgment or settlement.

- O. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:
1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the Internet or otherwise online, except as approved in writing by Franchisor; and
  2. To observe all such requirements with respect to service mark, trademark, and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

## 8. **OPERATIONS MANUALS AND CONFIDENTIAL INFORMATION**

- A. **Compliance with Manuals.** In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.
- B. **Franchisee's Control of Business.** Franchisee acknowledges the Manuals provided by Franchisor to Franchisee are intended to protect the System standards and specifications and the Proprietary Marks and are not intended to control day-to-day operation of the Franchised Business. Franchisee further acknowledges and agrees that Franchisee's Franchised Business will be under the control of the Franchisee at all times. Franchisee will be responsible for the day-to-day operation of the Franchised Business.
- C. **Confidential Information.** In connection with the operation of the Franchised Business, Franchisee will, from time to time, become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or Confidential Information as defined below and will not use such for its or their own purpose or supply or divulge the same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.
- D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and Confidential Information include the following:
1. The Manuals;
  2. Training materials and videos;
  3. Customer lists and/or customer agreements;

3. Information that relates in any manner to Franchisor's business, the System, or the Proprietary Marks, including without limitation, sample operational forms, brand standards and guidelines, and information relating to Franchisor's marketing materials and methods, whether oral or written, that is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and
  4. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the "**Confidential Information**").
- E. **Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information and any goodwill associated with the Franchised Business, the System, and the Proprietary Marks are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.
- F. **Information Not Proprietary.** Excluded from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as hereinafter defined) is information which:
1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or
  2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.
- G. **Reasonable Efforts to Maintain Confidentiality.** Franchisee shall, at all times, treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential. The Manuals must remain at the Premises and be kept in a secure location, either in secure digital format or physically under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.
- H. **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its owners, managers, officers, directors, shareholders, partners, employees, and its outside advisors and consultants who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, "**Restricted Persons**") execute Franchisor's prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Exhibit F (the "**Confidentiality and Non-Disclosure Agreement**"). Franchisee must obtain a signed

copy of the Confidentiality and Non-Disclosure Agreement from any such person prior to, or at the same time as, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Disclosure Agreement within ten (10) days of Franchisor's request.

- I. **Manuals.** Franchisor will provide Franchisee with access to the Manuals. The Manuals shall, at all times, remain the sole property of Franchisor and must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.
- J. **Modification of Manuals.** In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may, from time to time, revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions. Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manuals, the terms of the master copy of the Manuals maintained by Franchisor at its corporate headquarters or otherwise online shall be controlling. Franchisee's out-of-date pages must be destroyed or returned to Franchisor immediately upon replacement. Franchisor may provide any supplements, updates, or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet, or any other electronic or traditional mediums it deems appropriate.
- K. **Improvements.** Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the "**Improvements**"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed by Franchisee, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

## 9. **ADVERTISING**

- A. **Advertising and Sales Promotion Programs.** Franchisor may, from time to time, develop and create advertising and sales promotion programs designed to promote and enhance the collective success of Franchised Businesses operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, (i) the type, quantity, timing, placement, and choice of media; (ii) the covered market areas; and (iii) the advertising agencies used, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee, at Franchisee's expense, purchase

and/or make copies of, and subsequently use, certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.

- B. **Franchisor Approval.** All advertising and promotion by Franchisee in any medium, including any use of the Proprietary Marks and any online or social media channels, must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor at least thirty (30) days prior to the material's planned use. Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety (90) days, unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials at any time upon written notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.
- C. **Grand Opening Marketing Fee.** Franchisee shall pay to Franchisor a non-refundable grand opening marketing fee in the amount of \$10,000 (the "**Grand Opening Marketing Fee**") for services and items designed to market, advertise, and promote the Franchised Business and Approved Services leading up to and during the initial period of operations of the Franchised Business. Franchisor will expend the Grand Opening Marketing Fee on Franchisee's behalf in connection with the initial marketing and grand opening of the Franchised Business during the period of thirty (30) days prior to opening through thirty (30) days after the opening of the Franchised Business, consistent with Franchisor's then-current System standards and specifications.
- D. **Local Advertising Requirement.** Franchisee shall expend an amount equal to one and a half percent (1.5%) of Gross Sales on the advertisement and general promotion of the Franchised Business in the Territory (the "**Local Advertising Requirement**"). Franchisee agrees and acknowledges that all advertising, marketing, and other promotional materials used in connection with the Local Advertising Requirement shall comply in all respects with Franchisor's directives regarding the advertising of the System generally, including as may be set forth in the Manual or otherwise in writing, and shall be subject to Franchisor's express written approval prior to use. Upon Franchisor's written request, Franchisee shall provide to Franchisor invoices, statements, and/or other documentation necessary to demonstrate that Franchisee is in compliance with its local advertising obligations as set forth in this Section. Franchisor may designate one or more Approved Suppliers through which some or all of the Local Advertising Requirement must be spent.
- E. **Brand Fund.** Franchisor has established a brand fund (the "**Brand Fund**") designed to promote, advertise, market, and otherwise further develop the System, Proprietary Marks, and Franchisor's brand generally. Franchisee must contribute monthly to the Brand Fund

in an amount equal to two percent (2%) of the Gross Sales generated by the Franchised Business over the preceding calendar month. Franchisor may increase Franchisee's required contribution to the Brand Fund up to an amount equal to five percent (5%) of the Gross Sales generated by the Franchised Business upon thirty (30) days' prior written notice via the Manuals or otherwise in writing. All payments by Franchisee to the Brand Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Brand Fund. The Fund will be maintained and administered by Franchisor or Franchisor's designee as follows:

1. Franchisor will use the Brand Fund and all contributions to it and any earnings on it, exclusively for meeting any and all costs of maintaining, administering, directing, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Approved Services. This includes, among other things: (i) preparing and producing brand assets, advertisements, and marketing collateral in video, audio, graphic, written, or electronic form; (ii) website maintenance and development; (iii) developing and administering digital marketing and advertising campaigns, including search advertising, display advertising, video advertising, native advertising, email advertising, programmatic advertising, mobile advertising, audio advertising, affiliate marketing, and retargeting advertising; (iv) developing and administering non-digital marketing, advertising, and public relations programs, including print, broadcast, billboards, transit ads, public art, gorilla marketing, press releases, physical promotional materials, event & experiential marketing, trade journals, direct mail, radio, sponsorships, and partnerships; (v) developing and managing word-of-mouth, referral, brand ambassador, community engagement, and networking marketing activities; (vi) hiring advertising, promotion, public relations, marketing agencies, and other advisors to provide assistance; (vii) developing and administering market research, market analysis, and consumer insights activities, including focus groups, in-depth interviews, ethnographic research, customer journey mapping, usability testing, concept testing, surveys, competitive analysis, trend forecasting, and customer satisfaction studies; (viii) sourcing and procuring data to aid in market research and development, including industry reports and white papers, government and census data, academic research, trade publications, and social listening platforms; (ix) sourcing and procuring marketing, advertising, and brand development technology and tools; (x) developing and administering training and brand education, including marketing playbooks, toolkits, workshops, and webinars; and (xi) management of public relations activities, including press release creation and distribution, media relations, influencer outreach, crisis communication, and brand reputation management. The Brand Fund may be used for advertising materials and campaigns that are displayed on printed materials, radio, podcasts, television, streaming services, internet, or otherwise displayed visually or auditorily. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Brand Fund, including administrative costs, salaries, and overhead expenses related to administering the Brand Fund and its programs. No part of the Brand Fund shall be used by Franchisor to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Brand Fund. Brand Fund Contributions will not be used for

advertising that is principally a solicitation for the sale of franchises, except for the use or display of the phrase “Franchises Available” or a substantially similar phrase on any and all advertising and marketing that is covered by the Brand Fund.

2. Franchisor is not obligated to spend monies from the Brand Fund in any particular Franchisee’s market in proportion to the payments to the Brand Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.
3. Franchisor has sole control over the Brand Fund’s creative concepts, materials, and endorsements used, as well as their geographic, market, and media placement and allocation.
4. Franchisor reserves the right to incorporate the Brand Fund or operate it through a separate entity as Franchisor deems appropriate. Franchisor shall account for all contributions to the Brand Fund on its books and records. All such payments to the Brand Fund may be deposited in Franchisor’s general operating account, may be commingled with Franchisor’s general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor’s obligation to expend the monies in the Brand Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Brand Fund for such periods of time as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. The Brand Fund may spend in any fiscal year more or less than the total amount contributed to the Brand Fund during such fiscal year. Franchisor may advance funds to the Brand Fund. The Brand Fund may also borrow from Franchisor or others, paying reasonable interest, determined from time to time by Franchisor or other lenders, which provides Franchisor or such lenders with a return commensurate with the prevailing interest rate charged by persons in the business of lending money under similar circumstances, and the Brand Fund may repay such amounts from future contributions. Franchisor may hold in reserve any portion of Brand Fund monies for future use. Interest earned on Brand Fund contributions will be used to pay costs before spending the Brand Fund’s other assets. The Brand Fund is not a trust, and Franchisor does not owe Franchisee any fiduciary obligations by reason of maintaining, directing, or administering the Brand Fund.
5. Franchisor shall, on at least an annual basis, account for the operation of the Brand Fund and make available to Franchisee, upon its written request within one hundred and twenty (120) days after Franchisor’s fiscal year end, a statement of receipts and expenditures of the Brand Fund for the applicable period. Franchisor is not obligated to prepare or provide audited financial statements of the Brand Fund. If Franchisor elects to have the Brand Fund audited, the Franchisor may use Brand Fund Contributions to pay for such audit. Franchisor may modify or dissolve the Brand Fund at any time after it is established.

- F. **Advertising Council (Advisory Capacity).** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (the “**Advertising Council**”). If Franchisor establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor’s affiliate-owned spas, or other management/employees that Franchisor designates. If an

Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. Franchisor has the right to modify or dissolve the Advertising Council at any time after it is established.

- G. **Website & Social Networking Sites.** Franchisor has the right to establish and maintain a primary website that may, without limitation, promote the Proprietary Marks and/or the System (the “**Website**”). Franchisor agrees, to the extent that such Website is established, it will create an interior page on the Website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not in default. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System, or Proprietary Marks without Franchisor’s prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor’s policies, standards, and specifications with respect to the creation, maintenance, and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed “advertising” under this Agreement, and will be subject to (among other things) Franchisor’s approval as described in this Section 9. Franchisee may not promote, post on behalf of, or otherwise list its Franchised Business, or the Proprietary Marks, or System, on any social media or social networking site, including, without limitation, Facebook®, Instagram®, TikTok®, LinkedIn®, Snapchat®, X®, YouTube®, Pinterest®, Reddit®, or Quora® (collectively, “**Social Networking Sites**”) without Franchisor’s prior written consent. Franchisor reserves the right to create and manage any system-wide social networking listings/profiles/pages and to be the sole provider of information regarding the Franchised Business on such listings/profiles/pages, and Franchisee must promptly modify or remove any online communication pertaining to the Franchised Business that does not comply with the Franchise Agreement or the Manuals. All online content must comply with applicable alcoholic beverage advertising and marketing laws and platform age-gating requirements. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee’s use of websites and social networking sites, as Franchisor determines necessary or appropriate. Franchisor has the right to discontinue operation of the Website or Social Networking Sites at any time and without notice to Franchisee.
- H. **Regional Advertising Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple business owners located within a geographical region that Franchisor designates (each, a “**Cooperative**”). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount that Franchisor designates, not to exceed one percent (1%) of Gross Sales. All amounts paid to a Cooperative will be credited toward any then-required Local Advertising Requirement.

## 10. **ACCOUNTING AND RECORDS**

- A. **Required Records, Operations Data and Retention.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. This includes, but is not limited to, (i) bank statements and merchant processing statements; (ii) cash deposit, disbursement,

and check records; (iii) credit card batch reports and receipts; (iv) vendor invoices; (v) journals and general ledgers; (vi) order forms; (vii) payroll reports and payroll tax reports; (viii) reports of payments to contractors; (ix) records of refunds or exchanges; (x) state and local sales tax records and reports; (xi) gross sales reports; (xii) monthly balance sheets and profit & loss statements; (xiii) Premises lease agreements; (xiv) operating reports to Premises landlord and/or business mall operator; and (xv) product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business (collectively, the “**Required Records**”). Required Records must be kept for at least five (5) years, even if this Agreement is no longer in effect. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises (collectively, the “**Operations Data**”). All Required Records and Operations Data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System, including in Franchisor’s disclosure documents.

- B. **Examination and Audit of Records.** Franchisor and its designated agents shall have the right to examine, copy, and audit Franchisee’s records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales (as defined in this Agreement) of the Franchised Business by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit, including feed paid to auditors and/or attorneys; and (ii) pay any amount due and owing Franchisor as a result of Franchisee’s underreporting, along with any accrued interest on said amounts. Franchisor’s right to audit and inspect Franchisee’s records, accounts, books, computer files, and data will survive for five (5) years following the termination or expiration of this Agreement.
- C. **Computer System for Records.** Franchisee shall record all transactions and Gross Sales of the Franchised Business using the Required Software and any other appropriate Computer System components designated by Franchisor in the Manuals or otherwise in writing, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting, or erasing such sales. Franchisor will, at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee’s Computer System as described in Section 4 of this Agreement.
- D. **Computer System Files and Passwords.** Franchisee will not install or load any computer software on the hard drives of the Computer System used in connection with the Franchised Business without Franchisor’s prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, and Franchisor must be promptly notified of any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement. Consistent with the other provisions of this Agreement, Franchisee agrees and acknowledges that Franchisor may have automatic access to Franchisee’s specific

passwords/keys/logins through the Computer System components and related software that Franchisor requires Franchisee to use in connection with the Franchised Business.

- E. **Current Contracts, Licenses, Permits, and Projects.** At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, licenses, permits (including any required for the sale and service of alcoholic beverages), agreements, and projects that Franchisee is involved in or working with.
- F. **Tax Returns.** Upon Franchisor's request, Franchisee shall furnish the Franchisor with a complete copy of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.
- G. **Required Financial Statements.** Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor in the Manuals or otherwise in writing: (i) on or before the twenty-first (21<sup>st</sup>) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (ii) on or before the twenty-first (21<sup>st</sup>) of each month, an unaudited balance sheet reflecting the financial position of the Franchised Business as of the end of the previous calendar month; (iii) within thirty (30) days of Franchisor's request, a financial statement that details the total assets and liabilities of the Franchised Business (and, if appropriate, Franchisee and personal guarantors under this Agreement); (iv) within forty-five (45) days after the close of each fiscal year of Franchisee, unaudited financial statements which shall include: (a) a cash flow statement; (b) a balance sheet; (c) a profit & loss statement; and (c) a statement of changes in equity, all as of the end of such fiscal year and covering the entire fiscal year; and (v) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request (collectively, the "**Required Financial Statements**"). Required Financial Statements must be prepared in accordance with generally accepted accounting principles (GAAP) and follow the System-standard Chart of Accounts. If Franchisee fails to provide Franchisor with any required report on time, Franchisor may charge Franchisee its then-current non-reporting enforcement fee (the "**Non-Reporting Enforcement Fee**") as set forth in Section 4(E). Upon execution of this Agreement, Franchisee shall sign the form of Accountant Authorization attached hereto as Exhibit E.
- H. **Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreported the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period, then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS) for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.
- I. **Changes to Franchisee Ownership and Governing Documents.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business, as well as their spouses; (ii) Franchisee's partners, officers, directors, managers, and Operating Principals; and (iii) governing documents, such as operating agreements, bylaws, shareholder agreements, and partnership agreements. Franchisee will notify Franchisor in writing within ten (10) days

after any such change, unless Franchisee is required to first notify Franchisor and obtain its approval prior to making any such change.

## 11. INSURANCE AND INDEMNIFICATION

- A. **Required Insurance.** Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, (b) the date Franchisee begins building out the Premises, or (c) the date Franchisee hires its first employee, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not), which may include, but is not limited to: (i) commercial general liability; (ii) liquor liability; (iii) sexual abuse or molestation; (iv) business interruption; (v) auto liability; (vi) cyber liability & data breach; (vii) commercial umbrella/excess liability; (viii) business property/all risks; (ix) workers' compensation; (x) employment practices liability; and (xi) any other coverage required by Franchisee's lender, Premises lease, or the state or locality where the Franchised Business is located (collectively, the "**Required Insurance**"). This insurance shall be, at a minimum, in such amounts Franchisor designates from time to time. Franchisee may be required to acquire and maintain such insurance from an Approved Supplier that Franchisor designates in the Manuals or otherwise. Otherwise, Franchisee must acquire such insurance from a reputable carrier that is rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies). Franchisor may increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any affiliate Franchisor designates as additional insureds, and, where applicable, list Franchisor as loss payee with respect to business property coverage, and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification, termination, or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.
- B. **Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the Required Insurance, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such Required Insurance, in which case Franchisee must reimburse Franchisor for the costs incurred to obtain the Required Insurance (including any premium amounts paid), plus a reasonable administrative fee for Franchisor's time and resources used to obtain and maintain such Required Insurance.
- C. **Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend, and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, parent(s), predecessor(s), subsidiaries, employees, servants, agents, successors and assignees (collectively, the "**Indemnitees**"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court

costs), that are brought against any of the Indemnitees (collectively, the “**Claims**”) that arise out of or are otherwise related to Franchisee’s (a) breach or attempted breach of, or misrepresentation under, this Agreement, and/or (b) ownership, construction, development, management, or operation of the Franchised Business in any manner, including, without limitation, any Claims arising from the sale and service of alcoholic beverages. Notwithstanding the foregoing, at Franchisor’s option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

## **12. INDEPENDENT CONTRACTOR**

- A. **No Fiduciary Relationship.** In all dealings with third parties, including, without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.
- B. **Independent Contractor Relationship.** It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor’s request, Franchisee must display a sign in its Franchised Business displaying the following phrase or similar language as specified in the Manuals: “This Oakwell® Beer Spa franchise is independently owned and operated.” Neither this Agreement nor Franchisor’s course of conduct is intended to, and nothing herein shall be construed to state or imply, that Franchisor is the employer of Franchisee’s employees or independent contractors.

## **13. TRANSFER AND ASSIGNMENT**

- A. **No Transfer by Franchisee Without Franchisor’s Approval.** Franchisee’s rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign, or encumber Franchisee’s interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor’s prior written consent. Any sale, transfer, assignment, or encumbrance made without Franchisor’s prior written consent shall be voidable at Franchisor’s option and shall subject this Agreement to termination as specified herein.
- B. **Death or Disability.**
1. In the event of Franchisee’s death, disability, or incapacitation (or the death, disability, or incapacitation of Franchisee’s principals, owners, or guarantors), Franchisee’s legal representative, or Franchisee’s partner’s or guarantor’s respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as “Franchisee” under this Agreement if: (i) within one hundred twenty (120) days from the date of death, disability, or incapacity (the “**120 Day Period**”), such person has obtained Franchisor’s written approval and either (a) executes Franchisor’s then-current form of Franchise Agreement for the unexpired term of the franchise, or (b) has furnished a personal

guaranty of the obligations owed by any partnership, corporate, or limited liability company of Franchisee to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's Initial Training Program and/or any Additional Training Franchisor deems appropriate (which Franchisor will provide at Franchisor's then-current Training Fee). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are approved by Franchisor.

2. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated Franchisee, during or after the 120 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously-approved acting Operating Manager to operate the Franchised Business during the 120 Day Period, to the extent such person is available. In the event of Franchisee's death, disability, absence, or otherwise, Franchisor, or a representative of Franchisor, may (but is not required to) operate the Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current, and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a management fee for its management services in the amount of up to eight percent (8%) of Gross Sales of the Franchised Business during such management period, (the "**Management Fee**"), plus reimbursement for the costs and expenses Franchisor incurs related to managing the Franchised Business. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge, or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) if Franchisee is a partnership, upon the assignment, sale, pledge, or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge, or transfer of any interest in the limited liability company. Any new partner, shareholder, member, or manager owning an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).

D. **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business, or any interest in Franchisee's lease, to any third party (other than to: (i) a corporation or limited liability company as set forth in Section 13(C) hereof; or (ii) a parent, spouse, or direct lineal descendant of Franchisee), Franchisee shall first offer to sell such interest to

Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer (“**Letter of Intent**”). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor’s right of first refusal. So long as Franchisee has obtained Franchisor’s prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability, or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor’s first right of refusal.

E. **Conditions for Approval.** Franchisor may condition Franchisor’s approval of any proposed sale or transfer of the Franchised Business or of Franchisee’s interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:

1. All of Franchisee’s accrued monetary obligations to Franchisor, Franchisor’s affiliates, and Franchisor’s Approved Suppliers are satisfied;
2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor’s affiliates, Franchisor’s Approved Suppliers (including any Designated Suppliers), within the period permitted for cure and have substantially complied with such agreements during their respective terms;
3. Franchisee and Franchisee’s principals (if Franchisee is a partnership, corporation, or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor’s affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor’s affiliates and officers, directors, shareholders, and employees, in their corporate and individual capacities, subject to applicable state law;
4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including: (a) transferee's assumption of, and agreement to faithfully perform, all of Franchisee’s obligations under this Agreement; (b) execution of any required guaranty(ies) of such obligations by the transferee and, if applicable, its owner(s) and owner’s spouse(s); (c) information relating to the character and business background of the proposed transferee; and (d) satisfactory completion of a credit check, background check, financial verification, and any other due diligence or review process Franchisor deems appropriate;
5. The transferee shall demonstrate to Franchisor’s satisfaction that he or she meets Franchisor’s educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however,

transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator, or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor;

6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;
7. Franchisee must pay Franchisor a transfer fee equal to 50% of the then-current Initial Franchise Fee, and Franchisee and/or transferee must demonstrate that it has paid (or is in position to pay) any third-party broker fees associated with the transaction, except in the following circumstances where Franchisor will waive the transfer fee and reserves the right to charge a reasonable administrative fee: (i) assignment in the event of death, disability, or incapacitation of Franchisee (or the death, disability, or incapacitation of Franchisee's principals, owners, or guarantors); and (ii) the assignment of this Agreement and/or Franchised Business from an individual Franchisee to an entity that he/she wholly owns;
8. The transferee shall satisfactorily complete Franchisor's then-current Initial Training Program at the transferee's expense within the time frame Franchisor sets forth;
9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation, or limited liability company) must comply with the post-termination provisions of this Agreement;
10. The transferee must demonstrate that it has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business, including, without limitation, all liquor licenses and permits required to offer and sell alcoholic beverages for on-premises consumption;
11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;
13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;
14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and

15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and the Franchised Business as Franchisee has supplied Franchisor hereunder.

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party, nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party.

- F. **Transfer from an Individual Franchisee to Business Entity.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training fees subject to Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of 100% of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.
- G. **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign, and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

#### 14. **COVENANTS**

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks, and Franchisor's other franchisees.

- A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors, or Operating Principal(s), nor any member of the immediate family of Franchisee, its principals, owners, guarantors, or Operating Principal(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any other person, partnership, or corporation:
1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with (a) any business that offers and/or provides any services or products that are the same as, or substantially similar to, the Approved Services and Approved Products of the System, including any day spa business that offers or does not offer on-premises alcoholic beverage service, and/or the retail sale of beer-infused bath and body products or other Approved Products (each, a "**Competing Business**"), or (b) any business that offers or grants licenses or franchises, or establishes joint ventures, in connection with the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (i) any Franchised Business operated by Franchisee under a franchise agreement with Franchisor; or (ii) any business operated by a

publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;

2. Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates, or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
3. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

**B. After the Term of this Agreement.**

1. For a period of two (2) years after the expiration and nonrenewal, transfer, or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners, guarantors, or Operating Principal(s), nor any member of the immediate family of Franchisee, its principals, owners, guarantors, or Operating Principal(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any other person, partnership, or corporation, be involved with any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses. The geographic scope of this covenant shall be anywhere where Franchisor has franchises or is actively offering or selling franchises.
2. For a period of two (2) years after the expiration and nonrenewal, transfer, or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners, guarantors, or Operating Principal(s), nor any member of the immediate family of Franchisee, its principals, owners, guarantors, or Operating Principal (s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any other person, partnership, or corporation:
  - a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, or have any interest in or involvement with, any Competing Business: (i) at the Premises; (ii) within the Territory; or (iii) within a twenty-five (25) mile radius of the perimeter of the Territory being granted hereunder or any other Territory licensed by Franchisor to a Franchised Business as of the date of expiration or termination of this Agreement;
  - b. Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose; or
  - c. Subject to and as permitted by applicable state law, solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

**C. Intent of the Parties and Reasonableness.** It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part

unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, owners, guarantors, or Operating Principal(s), or any member of the immediate family of Franchisee or Franchisee's principals, owners, guarantors, or Operating Principal(s), Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 14 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 14 shall be tolled during any default under this Section 14.

- D. **Confidentiality and Non-Disclosure Agreement.** Franchisee must ensure that all management personnel of the Franchised Business, as well as any of Franchisee's employees that have access to Franchisor's Confidential Information, and any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Disclosure Agreement (which will be in substantially the same form as the document attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement.
- E. **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

## 15. **DEFAULT AND TERMINATION**

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

- A. **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:
1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
  2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;

3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;
4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
5. A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or
6. Franchisee attempts to sell, transfer, encumber, or otherwise dispose of any interest in Franchisee, this Agreement, or the Franchised Business in violation of Section 13 hereof.

B. **Termination upon Notice.** Franchisor has the right to terminate this Agreement upon written notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:

1. If Franchisee or Franchisee's owners, principals, guarantors, or Operating Principals(s) commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;
2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
3. If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15(C) of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;
4. If Franchisee or Franchisee's owners, principals, guarantors, or Operating Principal(s) violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information, and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);
6. If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business;
7. If Franchisee or any of Franchisee's principals, owners, guarantors, or Operating Principal(s) default on any other agreement with Franchisor or any Affiliate or

Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;

8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement, except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates;
9. If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;
10. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Approved Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; or (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Suppliers that Franchisor designates;
11. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;
12. If Franchisee fails to provide Franchisor with access to Franchisee's POS System, Computer System, records, reports, or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within twenty-four (24) hours of being notified by Franchisor;
13. If Franchisee fails to pay Franchisor, its affiliates, or any of its Approved Suppliers any amount that is due and owing to Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;
14. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business, including, without limitation, all applicable alcoholic beverage control (ABC) laws and regulations;
15. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain and maintain any other licenses, certificates, permits, or approvals necessary to operate the Franchised Business at the Premises, including, if applicable, construction permits, building occupancy permits, food service licenses, health department licenses, sales tax licenses, business licenses, and alcoholic beverage licenses;

16. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal, officer, Operating Principal, or employee of Franchisee, or any person owning an interest in Franchisee is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;
  17. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance, or benefits;
  18. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or
  19. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice, including, without limitation, (i) alcoholic beverage control and liquor licensing laws and regulations; (ii) health department inspections; (iii) operating the Franchised Business in a manner that presents a health or safety hazard to its employees or customers; (iv) if Franchisee loses or fails to maintain any approval, license, permit, or authorization from any governmental authority necessary to operate the Franchised Business or to provide any of the Approved Products or Approved Services, including all alcoholic beverage licenses and permits.
- C. **Termination upon Notice and 30 Days' Cure.** Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.
- D. **Liquidated Damages.** Upon termination of this Agreement as a result of Franchisee's material default of this Agreement, Franchisee agrees to pay to Franchisor within thirty (30) days of the effective date of the termination of this Agreement, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees and Brand Fund Contributions due and owing to Franchisor for the period of the opening date of the Franchised Business through the effective date of the termination multiplied by the lesser of (a) 24, or (b) the number of months remaining in the Term of this Agreement had it not been terminated.
- E. **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligation, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this

Agreement. In the event Franchisor exercises these “step-in rights,” Franchisee must (a) pay Franchisor a management fee amounting to eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor’s representatives are operating the Franchised Business (the “**Management Fee**”), and (b) reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging, and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend, and hold Franchisor (and its representatives and employees) harmless from and against any claims that may arise out of Franchisor’s operation of the Franchised Business.

## 16. **POST-TERM OBLIGATIONS**

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

- A. **Cease Ownership and Operation of Franchised Business; Cease Affiliation with Franchisor and Proprietary Marks.** Cease to be a franchisee under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated, or in any way connected with the System, or to hold itself out as a present or former franchisee at or with respect to the Premises;
- B. **Return Manuals and Confidential Information.** Return to Franchisor the Manuals and all trade secrets, Confidential Information (including all Customer Information and any agreements related to the Approved Services) and other confidential materials, equipment, software, and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;
- C. **Assignment of Customer Agreements, Telephone/Facsimile Numbers and Domain Names.** Take such action as Franchisor designates in writing to: (i) provide the then-current and up-to-date Customer Information to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as all white and yellow page telephone references, advertisements, social networking profiles or pages, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F.
- D. **Cease Using Proprietary Marks.** Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest, and cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this

Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass;

- E. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;
- F. **Payment of Amounts Due.** Pay Franchisor, as well as each of Franchisor's Approved Suppliers, any and all amounts owed under this Agreement or otherwise in connection with the former Franchised Business within ten (10) days of the termination or expiration date.
- G. **Written Evidence of Compliance.** Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days after the date of termination or scheduled expiration of the franchise;
- H. **Collateral Assignment of Lease.** At Franchisor's option exercisable at any time thirty (30) days following the expiration or termination of this Agreement, undertake the steps necessary with Franchisor and the landlord of the Premises to assign the lease for such Premises to Franchisor in accordance with the terms and conditions set forth in the Collateral Assignment of Lease and Lease Addendum attached to this Agreement as Exhibit C; and
- I. **Purchase of Assets.** Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, or non-renewal of this Agreement to purchase any and all of Franchisee's operating assets from the Franchised Business at a purchase price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment, including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances.

## 17. **TAXES AND INDEBTEDNESS**

- A. **Taxes.** Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, excise and liquor taxes and fees related to the sale of alcoholic beverages, and sales and use taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.
- B. **Debts and Obligations.** Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

## 18. **WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT**

- A. **Franchisor's Approval.** Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.
- B. **No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.
- C. **Terms of Other Franchise Agreements.** No warranty or representation is made by the Franchisor that all System franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchisees in a non-uniform manner.
- D. **Modification of System and Manuals.** Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.
- E. **No Disclaimers of Franchise Disclosure Document.** Nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

## 19. **ENFORCEMENT**

- A. **Access.** In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including, but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.
- B. **Injunctive Relief Generally.** The Franchisor or its designee shall be entitled to obtain, without the requirement of posting a bond, declarations, temporary and permanent injunctions, and orders of specific performance, to enforce the provisions of this Agreement, including, but not limited to: (i) Franchisee's use of the Proprietary Marks; (ii) Franchisee's obligations upon termination or expiration of this Agreement; and (iii) the assignment of the franchise or ownership interests in Franchisee. Such relief may also be sought to prohibit any act or omission by Franchisee or its employees which constitutes a



## 21. GOVERNING LAW AND DISPUTE RESOLUTION

- A. **Governing Law.** This Agreement is governed by the laws of the state of Colorado without reference to this state's conflict of laws principles (subject to state law).
- B. **Internal Dispute Resolution.** The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense, and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Accordingly, Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 21(H) of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- C. **Mediation.** Other than an Excluded Claim brought by Franchisor or a Franchisor Related Party (as defined herein), and with the exception of injunctive relief or specific performance actions, at Franchisor's option, before the filing of any arbitration or litigation, Franchisee and Franchisor agree to submit any dispute, controversy, or claim between Franchisor and/or any of Franchisor's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees, or agents (each a "**Franchisor Related Party**"), on the one hand, and Franchisee and/or any of Franchisee's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees, or agents (each a "**Franchisee Related Party**"), including without limitation, in connection with any dispute, controversy, or claim arising under, out of, in connection with, or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement, to non-binding mediation. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. This agreement to first attempt resolution of disputes internally and through mediation shall survive termination or expiration of this Agreement.

Mediation will be conducted in Denver, Colorado (or, if Franchisor's corporate headquarters is no longer in Denver, Colorado, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "**Initiating Party**") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "**Mediation Notice**"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Mediation Notice. If the parties are unable to resolve any such dispute within thirty (30) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within sixty (60) days of the notice from the party seeking to

initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself, and the authorized person designated by each party, an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations, and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the mediation proceedings may be made. Any conduct, statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

- D. **Arbitration.** With the exception of "Excluded Claims" (as defined below), and if not resolved by the negotiation and mediation procedures set forth in Sections 21(B) and 21(C) above, any dispute, controversy, or claim between Franchisee and/or any Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with, or in relation to: (a) this Agreement; (b) the parties' relationship; (c) the events leading up to the entry into this Agreement; (d) the Designated Territory; (e) the scope or validity of the arbitration obligation under this Agreement; (f) any System standard; and/or (g) any claim based in tort or any theory of negligence must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be

determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts.

The arbitration must take place in Denver, Colorado (or, if Franchisor's corporate headquarters is no longer in Denver, Colorado, the county where Franchisor's corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Denver, Colorado.

In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; (iii) certify a class or a consolidated action; or (iv) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that Franchisor sets. The arbitrator shall have the right to make a determination as to any procedural matters that a court of competent jurisdiction would be permitted to make in the state in which Franchisor's corporate headquarters is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, (i) questions relating to whether Sections 21(B), 21(C), or 21(D) is applicable and enforceable against the parties; (ii) the subject matter, timeliness, and scope of the dispute; (iii) any available remedies; and (iv) the existence of unconscionability and/or fraud in the inducement.

The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim or final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

The arbitrator shall have subpoena powers limited only by the laws of the State of Colorado. The parties ask that the arbitrator limit discovery to the greatest extent possible, consistent with basic fairness, in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Colorado. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Colorado.

Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions, or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place, and by doing so shall not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

E. **Exceptions to Mediation and/or Arbitration (the "Excluded Claims").** Notwithstanding Section 21(C) or 21(D), the parties agree that the following claims will not be subject to internal dispute resolution, mediation, or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief pursuant to 21(F) below, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by Franchisor and/or any Franchisor Related Party: (a) relating to Franchisee's failure to pay any fee due to Franchisor and/or its affiliates under this Agreement or any other agreement; (b) relating to Franchisee's or any Franchisee Related Party's failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; (c) relating to Franchisee's indemnification obligations under this Agreement; and/or (d) relating to Franchisee's use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

F. **Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders, or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information, including any proprietary software used in connection with the Franchised Business; (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system, or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution

of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

- G. **Venue.** Subject to Sections 21(B)-(E) of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated in the state court of general jurisdiction that is closest to (a) Denver, Colorado, or (b) our then-current corporate headquarters, or, if appropriate, the United States District Court for the District of Colorado or the United States District Court serving the city and state of our then-current corporate headquarters. Franchisee acknowledges that this Agreement has been entered into in the State of Colorado, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Colorado (or, if we have relocated, from our then-current corporate headquarters), including but not limited to training, assistance, support, and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts located in Colorado and/or in the state of Franchisor's then-current corporate headquarters, as applicable, as set forth in this Section (subject to applicable state law).
- H. **Third Party Beneficiaries.** Franchisor's affiliates and their respective officers, directors, shareholders, agents, and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- I. **Notice Requirement.** As a condition precedent to commencing any action or proceeding for damages, or for violation or breach of this Agreement, Franchisee must notify Franchisor in writing within thirty (30) days after the occurrence of the violation or breach, and must comply with the internal dispute resolution and, at Franchisor's option, mediation procedures set forth in this Section 21; failure to timely give such notice shall preclude any claim for damages, to the fullest extent permitted by applicable law.
- J. **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.
- K. **Limitation of Actions.** Franchisee further agrees, to the fullest extent permitted by applicable law, that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the sooner of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such action is based, or (b) the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

- L. **Waiver of Punitive Damages.** Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort, or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. Except for any damages or losses incurred by Franchisor as a result of or arising out of any of Franchisee's (a) breach of its non-compete or confidentiality obligations under the Franchise Agreement; (b) misuse or breach of its obligations under the Franchise Agreement as it relates to or arises out of the Proprietary Marks or the System; (c) fraud or willful misconduct; and/or (d) any other illegal conduct or bad faith actions, Franchisor hereby waives to the fullest extent permitted by law, any right to or claim for any punitive damages (and only punitive damages) against Franchisee arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort, or otherwise). If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Franchisee's waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.
- M. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF, OR IS RELATED IN ANY WAY TO, THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.
- N. **WAIVER OF CLASS ACTIONS OR OTHER COLLECTIVE ACTIONS.** THE PARTIES AGREE THAT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

## 22. **SEVERABILITY AND CONSTRUCTION**

- A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of

a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

- B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.
- C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

## 23. ACKNOWLEDGMENTS

- A. Franchisee acknowledges that it received a complete copy of this Agreement for a period of not less than fourteen (14) calendar days, during which time it conducted an independent evaluation of the business licensed hereunder to the extent of Franchisee's desire to do so. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. Franchisee acknowledges that this Agreement, the franchise disclosure document ("FDD"), and the exhibits hereto, constitute the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subjects.
- B. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, affiliates, nor any individuals associated with Franchisor's System shall be personally liable to Franchisee for any reason. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal as of the Effective Date.**

**FRANCHISOR:**

**OAKWELL FRANCHISING, LLC**

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

Print Name: Jessica Zouaoui

Title: Chief Executive Officer

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

**FRANCHISEE:**

\_\_\_\_\_

**IF AN INDIVIDUAL:**

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

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

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

**IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:**

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

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

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

**EXHIBIT A TO THE FRANCHISE AGREEMENT**

**DATA SHEET AND STATEMENT OF OWNERSHIP**

THIS DATA SHEET AND STATEMENT OF OWNERSHIP (“**Data Sheet**”) is made and entered into on \_\_\_\_\_ (“**Effective Date**”), by and between: (i) OAKWELL FRANCHISING, LLC, a Colorado limited liability company with its principal place of business at 3004 N. Downing Street, Denver, Colorado 80205 (the “**Franchisor**”); and (ii) \_\_\_\_\_, a (resident of) (corporation organized in) (limited liability company organized in) \_\_\_\_\_ with a business address at \_\_\_\_\_ (the “**Franchisee**”).

1. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

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

2. PREMISES

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

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

3. TERRITORY

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee’s Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

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

4. Operating Principal. The following individual is the Operating Principal designated under the Franchise Agreement and is the principal person to be contacted on all matters relating to the Franchised Business:

First & Last Name: \_\_\_\_\_

Cell Phone Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

5. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership, or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**IN WITNESS WHEREOF, the undersigned has duly executed this Data Sheet as of the Effective Date.**

**FRANCHISEE**

\_\_\_\_\_

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

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

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

**FRANCHISOR**

**OAKWELL FRANCHISING, LLC**

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

Jessica Zouaoui, Chief Executive Officer

**OWNERS  
(SHAREHOLDERS/MEMBERS/PARTNERS/ETC.)**

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

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

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

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

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

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

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

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

## EXHIBIT B TO THE FRANCHISE AGREEMENT

### PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

### ARTICLE I PERSONAL GUARANTY

This personal guaranty ("**Guaranty**") is hereby made effective as of \_\_\_\_\_ (the "**Effective Date**"). The undersigned persons (individually and collectively, the "**Guarantor(s)**") hereby represent to OAKWELL FRANCHISING, LLC (the "**Franchisor**") that they are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named \_\_\_\_\_ (the "**Franchisee**"), as well as, if applicable, their respective spouses, as of Effective Date of this Personal Guaranty.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each Guarantor hereby agrees, in consideration of benefits received and to be received by each Guarantor, jointly and severally, and for Guarantor, Guarantor's heirs, legal representatives, and assigns, to be firmly bound by all of the terms, provisions, and conditions of the foregoing OAKWELL FRANCHISING, LLC Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and does hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure, and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

### ARTICLE II CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, Franchisee will receive information, which Franchisor considers to be Confidential Information, trade secrets, and/or confidential information, including without limitation: methods, techniques, and trade secrets for use in connection with the proprietary business operating system that Franchisor and its affiliates have developed (the "**System**") for the establishment and operation of a franchised business (hereafter, a "**Franchised Business**"); Franchisor's System standards and specifications for the furniture, fixtures, equipment, supplies, and inventory to be used in connection with the establishment and operation of a Franchised Business; the design, build-out, and any construction/remodeling plans for the interior and exterior of the Franchised Business, as well as the individual businesses located within the Franchised Business; any Required Software that is necessary for the operation of the Franchised Business; System standards and specifications for the advertising, marketing, and sale of all Approved Services and Approved Products offered at the Franchised Business, including without limitation any proprietary products or services Franchisor has

developed; Franchisor's proprietary Operations Manual and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; information regarding the development of Franchisor's proprietary marks (the "**Proprietary Marks**"); as well as any other Confidential Information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, the "**Confidential Information**"). Franchisee shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company, any Confidential Information and trade secrets, including, without limitation: Franchisor's copyrighted materials; pricing information related to the offer and provision of any Approved Services and Approved Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Approved Products and other merchandise or services offered or authorized for sale by System franchisees; methods and other techniques and know-how concerning the operation of the Franchised Business, which may be communicated to Franchisee or of which Franchisee may become apprised by virtue of Franchisee's role as a guarantor of the Franchisee's obligations under the Franchise Agreement. Franchisee also acknowledges and agrees that the following also constitutes "Confidential Information" under this Section: (i) former, current, and prospective customer information, including customer names and addresses, customer membership, and purchase histories, and all corresponding contracts/agreements (collectively "**Customer Lists**"), and (ii) sources and pricing matrices of any approved suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.

### **ARTICLE III NON-COMPETITION**

Franchisee acknowledges that as a participant in the Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

1. **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation:

1.1. Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other concept or other business that: (i) offers and/or provides any services or products that are the same as, or substantially similar to, the Approved Services and Approved Products of the System, including any day spa business that offers or does not offer on-premises alcoholic beverage service, and/or the retail sale of beer-infused bath and body products or other Approved Products (each, a "**Competing Business**"); or (ii) grants or has granted franchises or licenses, or establishes or has established joint ventures, in connection with the ownership or operating of any Competing Business; provided, however, that this Section does not apply to Franchisee's operation of a Franchised Business pursuant to a valid franchise agreement with Franchisor, or Franchisee's ownership of less than two percent (2%) of the interests in a publicly-traded company.

1.2. Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates, or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

1.3. Divert or attempt to divert business or customers of Franchisor, its affiliates, or any other System franchisee (including any Franchised Business) to any competitor, by direct or indirect

inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

## 2. **After the Term of This Agreement.**

2.1. For a period of two years after the expiration and nonrenewal, transfer, or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation, enter into any business competing in whole or in part with Franchisor in granting franchises or licenses, or establishing joint ventures, for Competing Businesses. The geographic scope of this non-compete shall be limited to the areas where Franchisor has commenced offering and selling franchises as of the date this provision becomes effective.

2.2. For a period of two years after the expiration, transfer, or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation:

2.2.1. Own, maintain, engage in, be employed by, lend money to, have any interest in, or be employed as an officer, director, executive, or principal of any other Competing Business at or within the following areas: (i) at the Premises of the Franchised Business; (ii) within the Territory granted under the Franchise Agreement; or (iii) within a radius twenty-five (25) miles of (a) the perimeter of the Territory granted under the Franchise Agreement, or (b) the perimeter of any other designated territory granted by Franchisor to any franchised business as of the date of expiration, transfer, or termination of this Agreement through the date of Franchisee's involvement in the Competing Business;

2.2.2. Contact any of Franchisor's Approved Suppliers for any competitive business purpose; or

2.2.3. Subject to and as permitted by applicable state law, solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee, to discontinue employment.

3. **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by Franchisee, any of Franchisee's principals, owners, guarantors, Operating Principal(s), or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees that each employee has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents employees from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Article III shall be tolled during any default under this Guaranty.

## **ARTICLE IV DISPUTE RESOLUTION**

1. **Acknowledgment.** Franchisee acknowledges that this Guaranty is not a franchise agreement and does not confer upon Franchisee any rights to use the Franchisor's Proprietary Marks or its System.

2. **Governing Law.** This Guaranty is governed by the laws of the State of Colorado without reference to Colorado's conflict of laws principles. Any litigation, mediation, or arbitration arising out of, or relating to, this Guaranty or the Franchise Agreement must be brought and conducted exclusively in the state or federal courts, or before the applicable mediation/arbitration forum, located in Denver, Colorado, and the parties consent to personal jurisdiction and venue in such courts and forums.

3. **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. Franchisee must agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4. **Mediation.** Other than an Excluded Claim brought by Franchisor or a Franchisor Related Party (as defined herein), and with the exception of injunctive relief or specific performance actions, at Franchisor's option, before the filing of any arbitration, Franchisee and Franchisor agree to mediate any dispute, controversy, or claim between Franchisor and/or any of Franchisor's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees, agents, or Operating Principal(s) (each a "Franchisor Related Party"), on the one hand, and Franchisee and/or any of Franchisee's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees, or agents (each a "Franchisee Related Party"), including without limitation, in connection with any dispute, controversy, or claim arising under, out of, in connection with, or in relation to: (a) this Guaranty; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Guaranty. As a precondition to any mediation or arbitration, the parties must first submit the dispute to Franchisor's management and make every effort to resolve the dispute internally. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Guaranty. This agreement to first attempt resolution of disputes internally and through mediation shall survive termination or expiration of this Guaranty.

Mediation will be conducted in Denver, Colorado (or, if Franchisor's corporate headquarters is no longer in Denver, Colorado, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Mediation Notice. If the parties are unable to resolve any such dispute within thirty (30) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute, if at all possible, within sixty (60) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself, and the authorized person designated by each party, an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically

authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations, and not to begin any arbitration or legal action, or seek another remedy before the expiration of five (5) days following the mediation (subject to applicable state law). A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the mediation proceedings may be made. Any conduct, statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

5, **Arbitration.** With the exception of "Excluded Claims" (as defined below), and if not resolved by the negotiation and mediation procedures set forth above, any dispute, controversy or claim between Franchisee and/or any Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with, or in relation to: (a) this Guaranty; (b) the parties' relationship; (c) the events leading up to the entry into this Guaranty; (d) the Territory; (e) the scope or validity of the arbitration obligation under this Guaranty; (f) any System standards; and/or (g) any claim based in tort or any theory of negligence shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures, in each case subject to applicable law.

Any arbitration must be on an individual basis, to the maximum extent permitted by applicable law, and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts.

The arbitration must take place in Denver, Colorado (or, if Franchisor's corporate headquarters is no longer in Denver, Colorado, the county where Franchisor's corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Guaranty. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by the state or, if appropriate, federal court of general jurisdiction that is closest to (a) Denver, Colorado, or (b) the city and state where Franchisor has notified Franchisee in writing it has established its then-current corporate headquarters (subject to applicable law).

In connection with any arbitration proceeding, each party will submit or file any claim which would

constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Guaranty; (ii) assess punitive or exemplary damages; (iii) certify a class or a consolidated action; or (iv) make any award which extends, modifies or suspends any lawful term of this Guaranty or any reasonable standard of business performance that Franchisor sets. The arbitrator shall have the right to make a determination as to any procedural matters that a court of competent jurisdiction would be permitted to make in the state in which Franchisor's then-current corporate headquarters is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, (i) questions relating to whether Sections 4, 5, and 6 are applicable and enforceable against the parties; (ii) the subject matter, timeliness, and scope of the dispute; (iii) any available remedies; and (iv) the existence of unconscionability and/or fraud in the inducement.

The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim or final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

The arbitrator shall have subpoena powers limited only by the laws of the State of Colorado. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Colorado. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Colorado.

Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to the Franchise Agreement and this Guaranty.

The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any mediation or arbitration proceeding (subject to applicable state law) in order for such proceeding to take place and by doing so shall not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

**5. Exceptions to Mediation and/or Arbitration (the "Excluded Claims").** Notwithstanding the foregoing, the parties agree that the following claims will not be subject to internal dispute resolution, mediation, or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by Franchisor and/or any Franchisor Related Party: (a) relating to Franchisee's failure to pay any fee due to Franchisor and/or its affiliates under this Guaranty or any other agreement; (b) relating to Franchisee's or any Franchisee Related Party's failure to comply with the confidentiality and non-competition covenants set forth in this Guaranty; (c) relating to Franchisee's indemnification obligations under this Guaranty; and/or (d) relating to Franchisee's use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

6. **Right to Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

7. **Jurisdiction and Venue.** Subject to Sections 3 through 5 of this Agreement, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located closest to (a) Denver, Colorado, or (b) the city and state where Franchisor has notified Franchisee in writing it has established its then-current corporate headquarters; or, if appropriate, the United States District Court for the District of Colorado or the federal court of general jurisdiction closest to such then-current corporate headquarters. The undersigned hereby irrevocably consent to the jurisdiction of these courts.

8. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation, arbitration and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate, arbitrate and litigate claims asserted against such person(s) by Franchisee.

9. **JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

10. **Limitation of Action.** Franchisee further agrees that no cause of action arising out of or under this Guaranty may be maintained by Franchisee unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

11. **Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Franchisee may have against Franchisor, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall, or may be construed to, limit or otherwise affect Franchisor's right to seek all damages available under applicable law, including consequential damages such as future lost royalties and/or other future lost amounts, which the parties agree and acknowledge Franchisor may seek and recover.

12. **Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against Franchisee, then Franchisor will be entitled to recover from Franchisee all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

13. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisee's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

14. **Acknowledgment.** Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason. This is an important part of this Guaranty. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

15. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

16. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

17. **Successors.** References to “Franchisor” or “the undersigned,” or “Franchisee” include the respective parties' heirs, successors, assigns or transferees.

**IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty as of the Effective Date.**

**PERSONAL GUARANTORS**

\_\_\_\_\_  
[Insert Name of Guarantor]

\_\_\_\_\_  
[Insert Name of Spouse]

\_\_\_\_\_  
[Insert Name of Guarantor]

\_\_\_\_\_  
[Insert Name of Spouse]

\_\_\_\_\_  
[Insert Name of Guarantor]

\_\_\_\_\_  
[Insert Name of Spouse]

## EXHIBIT C TO THE FRANCHISE AGREEMENT

### ADDENDUM TO LEASE

This Addendum to Lease (“**Addendum**”) is hereby made and entered into on \_\_\_\_\_ (“**Effective Date**”), by and between \_\_\_\_\_ (“**Landlord**”) and \_\_\_\_\_ (“**Tenant**”) and entered into by Tenant and Landlord concerning the Location at \_\_\_\_\_ (the “**Lease**”).

To the extent that there is any inconsistency between the terms of the Lease and the terms of this Addendum, the terms of this Addendum shall govern and control. None of the provisions in this Addendum or any rights granted Franchisor hereunder, may be amended absent Franchisor’s prior written consent.

Landlord and Tenant, intending that OAKWELL FRANCHISING, LLC, a Colorado limited liability company (the “**Franchisor**”) (and its successors and assigns) be a third-party beneficiary of this Addendum, hereby agree as follows:

- A. The leased Premises will only be used in connection with the operation of the Franchised Business governed by its franchise agreement with OAKWELL FRANCHISING, LLC;
- B. Tenant may display the trademarks, service marks, and other commercial symbols owned by Franchisor and used to identify the service and/or products offered at the business, the business design and image developed and owned by Franchisor, as it currently exists and as it may be revised and further developed by Franchisor from time to time, and certain associated logos in accordance with the specifications required by Franchisor’s Manuals (“**Proprietary Marks**”), subject only to the provisions of applicable law and in accordance with provisions in the Lease no less favorable than those applied to other tenants of Landlord; and Landlord further agrees that Franchisor has the right to enter the Premises upon 24 hours written notice to Landlord to make any modifications necessary to protect Franchisor’s **Proprietary Marks**;
- C. To allow Tenant, upon written request from Franchisor, to provide Franchisor with a current copy of the Lease and any amendments;
- D. To notify Franchisor in writing of, and upon the failure of Tenant to cure, any default by Tenant under the Lease, and also to provide Franchisor with the right to cure said default under the Lease within thirty (30) days of being notified (but Franchisor is under no obligation to do so);
- E. Upon Tenant’s default or termination under the Lease, or upon the transfer, termination, or expiration of the Franchise Agreement between Tenant and Franchisor, Tenant may assign this Lease or sublet the leased premises to Franchisor, its affiliate, or any licensee or franchisee of Franchisor, without the prior consent of, or prior written notice to, Landlord. Within ten (10) days of such assignment or subletting, Tenant shall deliver a copy of the signed agreement evidencing the assignment and containing an express covenant binding the transferee to Tenant’s obligations under the Lease. Landlord shall afford Franchisor thirty (30) days from the date of any termination of Tenant’s rights under the Lease to exercise its option to assume the Lease or designate a replacement bona fide franchisee to take assignment of the Lease and assume all of Tenant’s obligations thereunder;
- F. The Lease may not be amended, assigned, renewed, or sublet without Franchisor’s prior written approval; and

G. Unless and until otherwise changed by Franchisor, notice to Franchisor shall be sent as follows:  
OAKWELL FRANCHISING, LLC, 3004 N. Downing Street, Denver, Colorado 80205, Attn:  
Jessica Zouaoui.

**IN WITNESS WHEREOF, Landlord and Tenant have executed this Addendum to Lease as  
of the Effective Date.**

**LANDLORD:**

[ \_\_\_\_\_ ],  
a [ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

**TENANT:**

[ \_\_\_\_\_ ],  
a [ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

SIGNED and SEALED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_ Notary Public

**COLLATERAL ASSIGNMENT OF LEASE**

This Collateral Assignment of Lease (the “**Assignment**”) is hereby made and entered into on \_\_\_\_\_ (“**Effective Date**”) and for value received, the undersigned (“**Assignor**”) hereby assigns and transfers to OAKWELL FRANCHISING, LLC (“**Assignee**”), all of Assignor’s right, title, and interest as tenant in, to, and under that certain lease, a copy of which is attached hereto as Schedule 1 (the “**Lease**”) respecting premises commonly known as \_\_\_\_\_ (the “**Premises**”).

This Assignment is for collateral purposes only, and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from, or in connection with, this Assignment or the Lease unless: (i) Assignee provides express written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor’s rights, title, and interest under the Lease pursuant to this assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default and failure to cure within the appropriate time period by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title, or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than one hundred and twenty (120) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place, and stead of Assignor for the purpose of effecting such extension or renewal.

**IN WITNESS WHEREOF, the undersigned has executed this Assignment as of the Effective Date.**

Dated: \_\_\_\_\_

**ASSIGNOR:**  
\_\_\_\_\_  
\_\_\_\_\_

SIGNED AND SEALED this \_\_\_  
day of \_\_\_\_\_, 20\_\_

**EXHIBIT D TO THE FRANCHISE AGREEMENT**

**EFT AUTHORIZATION FORM**

This EFT Authorization Form is hereby made and entered into on \_\_\_\_\_ (“**Effective Date**”) by and between: (i) OAKWELL FRANCHISING, LLC, a Colorado limited liability company with its principal place of business at 3004 N. Downing Street, Denver, Colorado 80205 (the “**Franchisor**”); and (ii) \_\_\_\_\_, a (resident of) (corporation organized in) (limited liability company organized in) \_\_\_\_\_ with a business address at \_\_\_\_\_ (the “**Franchisee**”).

Bank Name: \_\_\_\_\_  
ABA# : \_\_\_\_\_  
Acct. No.: \_\_\_\_\_  
Acct. Name: \_\_\_\_\_

Effective as of the date of the signature below, [**Franchisee Name**] (the “**Franchisee**”) hereby authorizes Oakwell Franchising, LLC (the “**Franchisor**”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its Affiliates under the franchise agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) for the franchised business located at: \_\_\_\_\_ (the “**Franchised Business**”): (i) all Royalty Fee payments; (ii) Brand Fund Contributions; (iii) the Initial Spa Product Package and/or other Required Items that Franchisee must purchase from Franchisor and/or its Affiliates in connection with the development and/or operation of the Franchised Business; (iv) Technology Fee payments; (v) the Grand Opening Marketing Fee; (vi) initial and ongoing training fees, including the Initial Training Fee; (vii) any amounts due and owing the Franchisor or its Affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its Affiliates; and (viii) all other fees and amounts due and owing to Franchisor or its Affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement. Such withdrawals shall occur on the schedule set forth in the Franchise Agreement or as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. [**Franchisee Name**] shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

**IN WITNESS WHEREOF, the parties hereto have executed and delivered this EFT Authorization Form as of the Effective Date.**

**AGREED:**

**FRANCHISEE**  
[INSERT FRANCHISEE NAME]

**FRANCHISOR**  
**OAKWELL FRANCHISING, LLC**

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

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

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

Name: Jessica Zouaoui

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

Title: Chief Executive Officer

**Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.**

**EXHIBIT E TO THE FRANCHISE AGREEMENT**

**ACCOUNTANT AUTHORIZATION FORM**

This Accountant Authorization Form is hereby made and entered into on \_\_\_\_\_ (“**Effective Date**”) by and between: (i) OAKWELL FRANCHISING, LLC, a Colorado limited liability company with its principal place of business at 3004 N. Downing Street, Denver, Colorado 80205 (the “**Franchisor**”); and (ii) \_\_\_\_\_, a (resident of) (corporation organized in) (limited liability company organized in) \_\_\_\_\_ with a business address at \_\_\_\_\_ (the “**Franchisee**”).

WHEREAS, on \_\_\_\_\_, Franchisee and Franchisor entered into an agreement governing their franchise relationship (“**Franchise Agreement**”), hereby incorporated by reference; and

WHEREAS, Pursuant to Section 10(G) of the Franchise Agreement and in accordance with Franchisor’s Operations Manual, Franchisee agrees to permit Franchisor to obtain directly from any and all of Franchisee’s accounting, bookkeeping, and other financial management employees or advisors (collectively, “**Service Providers**”) Franchisee’s financial records.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee hereby agrees as follows:

1. Franchisee hereby authorizes any and all of Franchisee’s Service Providers to release directly to Franchisor all of Franchisee’s financial records, confidential or otherwise, related to the franchised business (collectively, the “**Financial Records**”) and to permit Franchisor to inspect and copy such Financial Records, including, but not limited to, income, sales, payment receipts, tax returns, financial ledgers, accountant working papers, financial statements, and supporting bank statements, as Franchisor may request from time to time.
2. This Authorization is irrevocable and shall remain in effect from the date hereof so long as the Franchise Agreement is still in effect.
3. Franchisee hereby releases and forever discharges Franchisor and Service Providers from any and all liability associated with the release of Franchisee’s financial information pursuant to this Authorization.
4. In the event that any provision or portion of this Authorization shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Authorization be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.
5. This Agreement shall be governed by and construed and interpreted in accordance with the laws of Colorado without reference to principles of conflict of laws.

By signing below, you agree to be bound by the foregoing terms and conditions.

[FRANCHISEE NAME]

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

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

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

## EXHIBIT F TO THE FRANCHISE AGREEMENT

### CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

*(for trained employees, officers, directors, general partners, members, managers, Operating Principals, and any other management personnel of Franchisee)*

This Confidentiality and Restrictive Covenant Agreement is hereby made and entered into on \_\_\_\_\_ (“**Effective Date**”) and in consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of \_\_\_\_\_ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Oakwell Franchising, LLC (the “**Franchisor**”) to: (i) establish and operate a franchised business (the “**Franchised Business**”); and (ii) use in the operation of the Franchised Business the Franchisor’s trade names, trademarks, and service marks (collectively, the “**Proprietary Marks**”), and the Franchisor’s unique and distinctive format and system relating to the establishment and operation of such businesses (the “**System**”), as they may be changed, improved, and further developed from time to time in the Franchisor’s sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the “**Premises**”).

1. The Franchisor possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Franchisor’s proprietary and confidential operations manual and other manuals providing guidelines, standards, and specifications related to the establishment and operation of the Franchised Business (collectively, the “**Manuals**”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts, and other customer information obtained through the operation of the Franchised Business and other businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of the Franchised Business; and any techniques, methods and know-how related to the operation of the business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “**Confidential Information**”).

2. Any other information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manuals, and other general assistance during the term of this Agreement.

4. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Franchisor as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position, and will not use any such information even after I cease to be in that position, unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

4. Except as otherwise approved in writing by the Franchisor, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) offers or provides any of the Approved Services and/or Approved Products authorized for the Franchised Business, including, without limitation, day spa services (such as infrared sauna therapy, hydrotherapy, and massage therapy), taproom service of alcoholic and non-alcoholic beverages for on-premises consumption, or retail sales of beer-infused bath and body products and other merchandise approved for the System (each, a “**Competing Business**”); or (ii) grants or has granted franchises or licenses, or establishes or has established joint ventures, in connection with the ownership or operation of any Competing Business. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

6.1 *Post-Term Restrictive Covenant for Business Manager of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business for a period of two years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 25-mile radius of the Premises; or (ii) within a 25-mile radius of any other franchised business operating under the Proprietary Marks that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this two-year period following the termination or expiration of my employment with the Franchisee.

5. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

6. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

7. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Franchisor all the costs they incur, including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Franchisor, any claim I have against the Franchisee or the Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

8. This Agreement shall be construed under the laws of Colorado. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

**IN WITNESS WHEREOF, this Confidentiality and Restrictive Covenant Agreement is made and entered into by the undersigned parties as of the Effective Date.**

**UNDERSIGNED**

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

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

Address: \_\_\_\_\_

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

**ACKNOWLEDGED BY FRANCHISEE**

[FRANCHISEE NAME]

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

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

**EXHIBIT G TO THE FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS, DOMAIN NAMES,  
EMAIL ADDRESSES AND SOCIAL MEDIA ACCOUNTS**

This Conditional Assignment is hereby made and entered into on \_\_\_\_\_ (“Effective Date”) and the parties hereto agree as follows:

1. \_\_\_\_\_, (the “Assignor”), in exchange for valuable consideration provided by OAKWELL FRANCHISING, LLC (the “Assignee”) receipt of which is acknowledged hereby, conditionally assigns to Assignee all telephone numbers, domain names, email addresses, social media accounts, and all listings associated therewith, utilized by Assignor in the operation of its Franchised Business located at \_\_\_\_\_ (collectively, the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): \_\_\_\_\_

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): \_\_\_\_\_

Email Addresses: \_\_\_\_\_

Social Media Account(s) (as permitted by Franchisor under the Franchise Agreement): \_\_\_\_\_

2. The conditional agreement will become effective automatically upon the termination or expiration of Assignor's franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company, domain name registrar, email provider, and/or social media company to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company, domain name registrar, email provider, and/or social media company on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the applicable provider to effectuate this agreement, and agrees to fully cooperate with the applicable provider, as well as the Assignee, in effectuating this assignment.

**IN WITNESS WHEREOF, the undersigned has duly executed this Conditional Assignment as of the Effective Date.**

**ASSIGNOR**

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

TITLE: \_\_\_\_\_

**ASSIGNEE**

**OAKWELL FRANCHISING, LLC**

BY: \_\_\_\_\_  
Jessica Zouaoui, Chief Executive Officer

**EXHIBIT C  
TO FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBIT D TO  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT AND FORMER FRANCHISEES**

*None.*

**EXHIBIT E TO  
FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

# **Oakwell Franchising, LLC**

**(A Colorado Limited Liability Company)**

**Financial Statements with Report of Independent Auditors  
August 25, 2025**

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Report of Independent Auditors

To the Member of  
Oakwell Franchising, LLC:

*Opinion*

We have audited the accompanying financial statements of Oakwell Franchising, LLC (the Company), a Colorado limited liability company, which comprise the balance sheet as of August 25, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 25, 2025, in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after September 17, 2025.

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*DA Advisory Group PLLC*

Troy, MI  
September 17, 2025

Oakwell Franchising, LLC  
BALANCE SHEET  
August 25, 2025

ASSETS

Current assets:	
Cash and cash equivalents	<u>225,001</u>
Total current assets	<u>225,001</u>
Total assets	<u><u>\$ 225,001</u></u>

LIABILITIES AND MEMBER'S EQUITY

Member's equity	<u>225,001</u>
Total liabilities and equity	<u><u>\$ 225,001</u></u>

see accompanying notes

Oakwell Franchising, LLC  
Notes to the Financial Statements  
August 25, 2025

1. Organization

Oakwell Franchising, LLC (the “Company”), is a Colorado Limited Liability Company, that was organized on January 16, 2025. The Company is engaged primarily in the training, advertising, and consulting of future Oakwell franchises.

Through the period ended August 25, 2025, total member contributions were \$225,001. Through the period ended August 25, 2025, total member distributions were \$0.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. The Company maintains its cash in bank deposit accounts which, could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarchy of three levels of input that may be used to measure fair value:

- Level 1      Inputs based on quote prices in active markets for identical assets and liabilities.
- Level 2      Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3      Unobservable inputs based on little market or no market activity and which are significant to the fair value of the assets and liabilities.

Oakwell Franchising, LLC  
Notes to the Financial Statements  
August 25, 2025

2. Summary of significant accounting policies and nature of operations (continued)

The Company's material financial instruments consist of primarily cash and cash equivalents, accounts and notes receivable, and accounts payable and accrued expenses. The fair values of cash, accounts and notes receivable, accounts payable and accrued expenses are equal to their carrying values based on their liquidity. The fair value measurement of these assets is categorized as Level 1. For the Company's financial instruments which consist of cash and cash equivalents the carrying amounts approximate fair value due to their short maturities.

Revenue and expenses

Operating income consists of franchise sales to customers in addition to revenues earned by the Company from sales of marketing materials and services as well as royalties from each customer. Royalties are based on a percentage of monthly sales which are recognized as revenue in the month earned as well as revenue from other contractual agreements. The Company recognizes revenue in accordance with the practical expedient of ASC 606 subtopic 952, whereby pre-opening service revenues that are distinct from one another, are recognized when performance obligations are rendered.

For franchise revenues, the Company has obligations to provide franchisees with the franchise rights to open a restaurant within the franchise system, training, and site selection. The Company's revenue recognition policies for franchise fees are in compliance with accounting standards *ASC Topic 606, Revenue from Contracts with Customers*. In 2020, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. The expedient has allowed franchisors that are not public business entities to account for pre-opening activities as a single performance obligation. The Company has concluded that these preopening activities represent performance obligations to which the franchise fee is allocated.

Therefore, initial franchise fees for each agreement are allocated to what has been identified as a single performance obligation and recognized as these preopening activities are performed, which typically aligns with the date a franchisee opens. For the period ended August 25, 2025, initial franchise fees collected were \$0. As of August 25, 2025, the Company is not under any franchise agreements or contracts.

3. Subsequent events

Subsequent events have been evaluated through September 17, 2025, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements or disclosure.

**EXHIBIT F TO  
FRANCHISE DISCLOSURE DOCUMENT**

**SAMPLE CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT**

## CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality and Non-Disclosure Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Oakwell Franchising, LLC on behalf of itself and its direct and indirect parents, subsidiaries and affiliates (hereinafter collectively referred to as the "Company") and \_\_\_\_\_ (hereinafter referred to as the "Recipient").

WHEREAS, the Company possesses certain confidential information pertaining to its businesses; and,

WHEREAS, the Recipient may, from time to time, receive a disclosure of such confidential information from the Company or its agents, consultants or affiliates for the purpose of enabling the Recipient to evaluate a possible franchise opportunity (the "Franchise Opportunity"); and,

THEREFORE, the Recipient agrees to hold in confidence and to refrain from the unauthorized use of Confidential Information (as hereinafter defined) as set forth below:

1. Confidential Information.

(a) As used herein, "Confidential Information" means information about the Company, in whatever format, furnished to the Recipient pursuant to this Agreement by or on behalf of the Company, including, but not limited to, information regarding policies and procedures; concepts; tools; techniques; contracts; business records; marketing information and plans; demographic information; operations; basic Business inventory; sales; costs; employees; vendors; suppliers; expansion plans (e.g. existing, and entry into new, geographic and/or product markets); location of Businesses and offices (including proposed locations); lawsuits and/or claims; management philosophy; customer lists; rental activity reports; sell-through activity reports; and confidential information received from third parties pursuant to a confidential disclosure agreement,

(b) Confidential Information does not include information that (i) was available to the public prior to the time of disclosure, (ii) becomes available to the public through no act or omission of the Recipient, or (iii) communicated rightfully to Recipient free of any obligation of nondisclosure and without restriction as to its use. Recipient shall bear the burden of demonstrating that the information falls under one of the above-described exceptions.

2. Non-Use and Non-Disclosure.

Recipient agrees to (i) hold the Confidential Information in confidence and refrain from disclosing Confidential Information, or transmitting any documents or copies containing Confidential Information, to any other party except as permitted under the terms of this Agreement, (ii) use the Confidential Information only to assist the Recipient in evaluation of the Franchise Opportunity and will not disclose any of it except to the Recipient's directors, officers, employees and representatives (including outside attorneys, accountants and consultants) (collectively its "Representatives") who need such information for the purpose of evaluating the Franchise Opportunity (and the Recipient shall require such Representatives to agree to be bound by the provisions of this Agreement and the Recipient shall be responsible for any breach of the terms of this Agreement by its Representatives). Recipient shall use at least the standard of care with respect to protecting the Confidential Information that it accords or would accord its own proprietary and confidential information.

3. Ownership and Implied Rights.

All Confidential Information shall remain the exclusive property of the Company and nothing in this Agreement, or any document, or any course of conduct between the Company and the Recipient, shall be deemed to grant the Recipient any rights in or to the Confidential Information, or any part thereof.

Nothing herein shall obligate Company to enter into a franchise relationship with Recipient. Company may for any reason or for no reason decline to enter into a franchise relationship with Recipient. Recipient acknowledges that Company is under no obligation to enter into or execute a Franchise Agreement with Recipient on the basis of this Agreement or for any other reason.

4. Restrictions on Copying.

Recipient shall not make any copies of any Confidential Information, except as may be strictly necessary for Recipient to evaluate the Franchise Opportunity. Any copies made by Recipient shall bear a clear stamp or legend indicating their confidential nature. Recipient shall not remove, overprint or deface any notice of copyright, trademark, logo, or other notices of ownership from any originals or copies of Confidential Information.

5. Return of Materials.

At the request of the Company at any time, the Recipient shall promptly return to the Company all Confidential Information that may be contained in printed, written, drawn, recorded, computer disk or any other form whatsoever which is in the possession or control of the Recipient or the location of which is known by the Recipient, including all originals, copies, reprints and translations thereof and any notes prepared by the Recipient or its Representatives in connection with the Confidential Information.

6. Breach.

(a) In the event of Recipient's breach of its obligations under this Agreement or any other agreement with the Company, Company shall have the right to (i) demand the immediate return of all Confidential Information, (ii) recover its actual damages incurred by reason of such breach, including, but not limited to, its attorneys' fees and costs of suit, (iii) obtain injunctive relief to prevent such breach or to otherwise enforce the terms of this Agreement, and (iv) pursue any other remedy available at law or in equity.

(b) The Recipient recognizes that the Company would suffer irreparable harm for which it would not have an adequate remedy at law if the Recipient were to violate the covenants and agreements set forth herein. Accordingly, the Recipient agrees that the Company shall be entitled to specific performance and injunctive relief as remedies for any such breach and that, in such event, no bond shall be required. This remedy shall be in addition to any other remedy available at law or in equity.

7. Governing Law.

**THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN STRICT ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE STATE OF COLORADO WITHOUT REFERENCE TO CONFLICT OF LAW RULES. THE RECIPIENT HEREBY COLORADO TO THE JURISDICTION OF THE DISTRICT COURTS OF THE STATE OF COLORADO AND ANY PROCEEDING ARISING BETWEEN THE PARTIES HERETO IN ANY**

**MANNER PERTAINING OR RELATED TO THIS AGREEMENT SHALL TO THE EXTENT PERMITTED BY LAW, BE HELD IN COLORADO.**

8. Waiver; Severability.

Any failure on the part of the Company to insist upon the performance of this Agreement or any part thereof, shall not constitute a waiver of any right under this Agreement. No waiver of any provision of this Agreement shall be effective unless in writing and executed by the party waiving the right. If any provision of this Agreement, or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

9. Accuracy of Confidential Information.

(a) The Company makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Neither the Company nor any of the officers, directors, employees, agents, advisors, legal counsel or other representatives or affiliates thereof, shall be subject to any liability resulting from the use of the Confidential Information by the Recipient and its Representatives.

(b) The Recipient acknowledges that the restrictions set forth herein are fair and reasonable and are necessary in order to protect the business of the Company and the confidential nature of the Confidential Information. The Recipient further acknowledges that the Confidential Information is unique to the business of the Company and would not be revealed to Recipient were it not for its willingness to agree to the restrictions set forth herein.

10. Applicability.

The terms, conditions and covenants of this Agreement shall apply to all business dealings and relations between the Company and the Recipient.

**RECIPIENT**

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

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

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

**RECIPIENT**

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

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

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

**OAKWELL FRANCHISING, LLC**

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

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

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

**EXHIBIT G TO  
FRANCHISE DISCLOSURE DOCUMENT**

**SAMPLE FORM OF GENERAL RELEASE**

**SAMPLE FORM OF GENERAL RELEASE**

This General Release (“Release”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and between Oakwell Franchising, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

**WITNESSETH:**

**WHEREAS**, Franchisor and Franchisee are parties to a Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_, granting Franchisee the right to operate a franchised business under Franchisor’s then-current proprietary marks and system at the following location: \_\_\_\_\_.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasers”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasers. The Releasers, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release. Releasers hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist.

Each of the Releasers expressly acknowledges that they are familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

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

Each of the Releasers hereby specifically and expressly waives all rights that it may have under Section 1542 of the California Civil Code or any similar provision of law in any other jurisdiction. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Releasers acknowledge and agree that they have read the terms of this Release, they fully understand and voluntarily accept the terms, and that they have entered into this Release voluntarily and without any coercion.

**[SIGNATURES ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Release as of the Effective Date.

**FRANCHISOR**

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

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

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

**FRANCHISEE**

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

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

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

**EXHIBIT H TO  
FRANCHISE DISCLOSURE DOCUMENT  
STATE-SPECIFIC ADDENDA**

**ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED  
BY THE STATE OF MINNESOTA**

We will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require, except in certain specific 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.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule Part 2869.4400(d) prohibits us from requiring that you assent to a general release as set forth in Item 17 of this Disclosure Document.

Nothing in the Disclosure Document or Franchise Agreement shall effect your rights under Minnesota Statute Section 80C.17, Subd. 5.

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 in connection with the franchise.

**FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM**

Notwithstanding any provisions of Section 22 of the Franchise Agreement or Section 23(G) of the Development Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement and/or Development Agreement (as applicable). In the event of any conflict between the Franchise/Development Agreement and this Addendum, this Addendum shall be controlling. Except as otherwise expressly set forth herein, no other amendments or modifications of the Franchise Agreement and Development Agreement are intended or made by the parties.

Applicable State: \_\_\_\_\_

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

**FRANCHISEE:**

**FRANCHISOR:**

*[INSERT FRANCHISEE NAME]*

**OAKWELL FRANCHISING, LLC**

By: \_\_\_\_\_  
*[INSERT NAME], [INSERT TITLE]*

By: \_\_\_\_\_  
Jessica Zouaoui, Chief Executive Officer

**EXHIBIT I TO  
FRANCHISE DISCLOSURE DOCUMENT  
FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE\***

**DO NOT COMPLETE OR SIGN THIS QUESTIONNAIRE IF YOU RESIDE IN, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI**

As you know, Oakwell Franchising, LLC (“we,” “us” or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

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

Yes\_\_ No\_\_\_\_

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

Yes\_\_ No\_\_\_\_

If “No,” what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

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3. Did we make any material changes to the form of Franchise Agreement that was included in the Franchise Disclosure Document you received from us, which were not negotiated with you?

Yes\_\_ No\_\_\_\_

If “Yes,” did you receive a copy of the final Franchise Agreement at least seven (7) calendar days prior to signing it?

Yes\_\_ No\_\_\_\_

4. Have you received and personally reviewed the Franchise Disclosure Document we provided to you?

Yes\_\_ No\_\_\_\_

5. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_\_\_

If “No,” what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

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6. Did you receive a copy of the Franchise Disclosure Document at least fourteen (14) calendar days prior to signing any agreement with us or paying us any money or other consideration?

Yes\_\_ No\_\_\_\_

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

Yes\_\_ No\_\_\_\_

8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors that are outside of our control?

Yes\_\_ No\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a business operated by us or our franchisees?

Yes\_\_ No\_\_\_\_

If “Yes,” please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

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10. Has any employee or other person speaking on our behalf made any statement or promise concerning your franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_\_\_

If “Yes,” please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

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11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a franchised business?

Yes\_\_ No\_\_\_\_

If “Yes,” please describe the nature of the statements and by whom they were made?  
(Attach additional pages, if necessary)

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12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a business will generate?

Yes\_\_ No\_\_\_\_

If “Yes,” please describe the nature of the statements and by whom they were made?  
(Attach additional pages, if necessary)

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13. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a business?

Yes\_\_ No\_\_\_\_

If “Yes,” please describe the nature of the statements and whom they were made by?  
(Attach additional pages, if necessary)

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14. Were you provided any actual or estimated revenue or sales figures or amounts in connection with any pro forma profit and loss statement that may have been furnished to you by any employee or other person on our behalf?

Yes\_\_ No\_\_\_\_

If "Yes," please describe the nature of the statements and whom they were made by?  
(Attach additional pages, if necessary)

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15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_\_\_

If "Yes," please describe the nature of the statements and whom they were made by?  
(Attach additional pages, if necessary)

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16. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes\_\_ No\_\_\_\_

17. Do you understand that nothing in the Franchise Agreement or in our communications with one another is intended to make, or in fact makes, either you or us a general or limited partner, general or special agent, joint venturer, or employee of the other for any purpose, that the Franchise Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors during the term of the Franchise Agreement?

Yes\_\_ No\_\_\_\_

18. Do you understand that you, and not the Franchisor, have the duty and obligation to locate and lease a site for the Franchised Business and that the Franchisor's approval of a site is not an assurance, representation or warranty as to the suitability of the Franchised Business's site or the Franchised Business's profitability or success?

Yes\_\_ No\_\_\_\_

19. Were you referred to Franchisor or this franchise concept by another individual?

Yes\_\_ No\_\_\_\_

If "Yes," did that person make any statement or promise concerning your franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_\_\_

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

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\*All representations 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.

By signing this Questionnaire, you agree that you understand that your answers are important to us and that we will rely on them, and you are representing that you have responded truthfully to the above questions.

\_\_\_\_\_  
FRANCHISE APPLICANT

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

Date: \_\_\_\_\_, 20\_\_\_\_\_

**EXHIBIT J TO  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Pending
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**



**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Oakwell Franchising, LLC (“Franchisor”) offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, Franchisor or an affiliate in connection with the proposed franchise sale.

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

If Franchisor does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

Oakwell Franchising, LLC authorizes the agents listed in Exhibit A to receive service of process on its behalf.

The franchise seller(s) offering this franchise are set forth below:

Jessica Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing Street, Denver, CO 80205.

Damien Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing Street, Denver, CO 80205.

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Issuance Date: November 1, 2025.

I have received a Franchise Disclosure Document dated November 1, 2025, that included the following exhibits:

EXHIBIT A	List of State Administrators; List of Agents for Service of Process.	EXHIBIT F	Sample Confidentiality and Non-Disclosure Agreement
EXHIBIT B	Franchise Agreement	EXHIBIT G	Sample General Release Agreement
EXHIBIT C	Tables of Contents for Manuals(s)	EXHIBIT H	State Addenda
EXHIBIT D	List(s) of Current and Former Franchisees	EXHIBIT I	Franchisee Questionnaire
EXHIBIT E	Financial Statements	EXHIBIT J	State Effective Dates
		EXHIBIT K	Receipt(s)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

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

**PLEASE SIGN AND DATE THIS PAGE AND RETURN THIS PAGE TO FRANCHISOR VIA DOCUSIGN, VIA EMAIL TO [INFO@OAKWELLFRANCHISE.COM](mailto:INFO@OAKWELLFRANCHISE.COM), OR VIA CERTIFIED MAIL AT THE ADDRESS IDENTIFIED IN ITEM 23 OF THIS DISCLOSURE DOCUMENT.**