

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. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same of similar goods. This may reduce the anticipated profit of your franchise business.
- 2.4. **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.

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

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	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.
Brand Fund Contribution	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.
Local Advertising Requirement	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.
Technology Fee	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.
System Modifications	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>Additional Training Fee</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>Additional Opening Assistance</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>Retail & Backbar Inventory Purchases</p>	<p>Will vary based on demand and sales generated by your Franchised Business. Actual costs of retail and other inventory purchased from our Affiliate Supplier.</p>	<p>As invoiced.</p>	<p>Certain retail and backbar products must be purchased from our Affiliate Supplier.</p>
<p>Annual Conference or Convention</p>	<p>Then-current registration fee that we designate in connection with an annual conference or convention.</p> <p>Currently <u>Not currently assessed. When established,</u> 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>Transfer Fee (Franchise Agreement & Development Agreement)</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</p>

			death or disability of the Franchisee or Franchisee's Principal, we will waive the transfer fee and only reserve the right to charge an administrative fee of up to \$5,000.
Renewal Fee	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.
Relocation Fee	\$5,000	As arranged.	We will evaluate any proposed relocation of your Premises as discussed more fully in Item 12 of this Disclosure Document.
Advertising/ Marketing Cooperative Contribution (involving multiple System Businesses)	Currently, we do not have any regional or other advertising or marketing cooperatives (each, a " Cooperative "). 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, <u>but will not exceed 1% of Gross Sales.</u>	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.
Audit Fees	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.
New Product or Supplier Testing	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.

Non-Compliance Fee	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.
Interest	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.
Collection Charges	Varies <u>Actual costs.</u>	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.
Attorneys' Fees & Costs	Will vary according to circumstance. <u>Actual costs.</u>	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.
Default & Indemnification	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.
Insurance Reimbursement	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.
Insufficient Funds Fee or Dishonored Check Charge	\$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.
Non-Reporting Enforcement Fee	\$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.
Management Fee	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.

Customer Resolution Fees	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.
Gift Card Program Termination Fee	Varies. <u>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.</u>	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.
Liquidated Damages	Varies. <u>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.</u>	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, however, the amount of the Technology Fee will not exceed \$2,000 per month during the initial term of the Franchise Agreement.
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-**

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~~E 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 31st.

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, or via certified mail at: Attn: Jessica Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing Street, Denver, CO 80205.

**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 and/or Development Agreement.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logos or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

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, Franchise Agreement or Development 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.