FRANCHISE DISCLOSURE DOCUMENT

ELEMENTS THERAPEUTIC MASSAGE, LLC
(a Delaware limited liability company)
1890 Wynkoop Street, Unit 1
Denver, Colorado 80202
(303) 663-0880
www.elementsfranchise.com
info@elementsmassage.com

Elements Therapeutic Massage, LLC, offers franchises for the operation of studios under the name "Elements Massage" offering various forms of therapeutic massage services and any related future services and products.

The estimated investment necessary to begin operation of an Elements Massage studio ranges from $470,684 to $694,274. This includes $80,174 to $91,274 that must be paid to the franchisor or its affiliate(s).

The estimated initial investment necessary to develop two or more Studios under our form of Area Development Agreement depends on the number of franchises that we grant you the right to open. By way of example, the estimated initial investment associated with acquiring the right to develop three Studios pursuant to an Area Development Agreement and necessary to begin operations of the first of those Studios ranges from $505,684 to $729,274, which includes: (a) a Development Fee amounting to $75,000 payable to us upon signing, and (b) the initial investment to begin operations of the initial franchised Studio you are required to development within your Development Area.

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 Elements Therapeutic Massage, LLC's Legal Department at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission ("FTC"). You can contact the FTC at 1-877-FTC-

HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 1, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	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 Exhibits D1 and D2.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Elements Massage® Franchised Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Elements Massage Franchised Business franchisee?	Exhibits D1 and D2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and area development agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in Denver, Colorado. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Colorado than in your own state.

2. **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 its affiliates or third-party suppliers set. These prices may be higher than prices you could obtain elsewhere for similar goods. This may reduce the anticipated profit of your franchise business.

3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though 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 franchise fails.

4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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.

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

If the franchisee has any questions regarding this notice, those questions should be directed to:

State of Michigan Department of Attorney General
Consumer Protection Division, Franchise Unit
G. Mennen Williams Building, 7th Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone: (517) 335-7567

ELEMENTS THERAPEUTIC MASSAGE, LLC
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ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "we," "us," "our," "Franchisor," or "Elements Massage" means Elements Therapeutic Massage, LLC. "You," "your," or "Franchisee" means the person or legal entity (including an individual, corporation, partnership, limited liability company or other legal entity, and its owners, officers, and directors) buying the franchise. If you are a legal entity, your direct and indirect owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this Disclosure Document.

We were incorporated in the State of Delaware on August 4, 2006, as Elements Therapeutic Massage, Inc. On October 9, 2015, we converted to a Delaware limited liability company. Our principal business address is 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202. We conduct business under our company name and no others.

Our agents for service of process are listed on Exhibit F to this Disclosure Document.

Our Business Activities

Franchise Program. We sell franchises to own and operate Elements Massage® studios ("Studios"). The Elements Massage franchise system is a unique and comprehensive system offering various forms of therapeutic massage and related services and products that may be offered in the future to the general public (the "Franchise System").

We will enter into the franchise agreement attached as Exhibit B (the "Franchise Agreement"), which will grant to you a license to use the service mark "Elements Massage" for the purpose of owning and operating a Studio.

If we offer you the right to enter into an Area Development Agreement (the "Area Development Agreement"), you will acquire a specified number of franchises and open, according to a specified schedule (the "Development Schedule"), a corresponding number of Studios, each under a separate Franchise Agreement, within a specifically described geographic territory (the "Development Area"). The form of Area Development Agreement you would sign is attached as Exhibit C to this Disclosure Document. For each Studio you develop, you must sign our then-current form of Franchise Agreement, which may be different than the form we were using when you signed the Area Development Agreement.

Although, currently, we do not directly own or operate any Studios, as of December 31, 2023, our wholly owned subsidiary owns and operates one Studio. We have offered franchises in the line of business disclosed in this Disclosure Document since 2006, and, other than a previous area director program offered from October 2006 to October 2008 and again from December 2013 to December 2017, we have not offered franchises in any other line of business or conducted any other business.

Our Parents, Predecessors and Affiliates

Parents. Our parents are WellBiz Brands, Inc. ("WellBiz") and WBZ Investment LLC ("WBZ"). WellBiz is wholly owned by WBZ Holdings, Inc. ("Holdings"), which is wholly owned by WBZ, and WBZ is wholly owned by WBZ Holdings II, LLC ("Holdings II"). Holdings II is owned by the following: KSL Capital Partners III, L.P., KSL Capital Partners III TE, L.P., KSL Capital Partners III TE-A, L.P. and KSL Capital Partners III FF, L.P., which are our ultimate parents.

We do not have any predecessors.

Elements Massage Canada Franchise Program. Our affiliate, Elements Massage Franchise Canada Ltd. ("EMFC") has offered franchises for Studios in Canada since November 11, 2013. As of December 31, 2023, there was one franchised Studio in Canada.

Amazing Lash Studio Franchise Program. Our affiliate, Amazing Lash Franchise, LLC ("ALF"), is the franchisor of the Amazing Lash Studio® franchise system. ALF began offering franchises in September 2018; however, its predecessor began offering Amazing Lash Studio franchises in May 2013. As of December 31, 2023, there were 262 Amazing Lash Studio franchise locations.

Drybar Franchise Program. Our affiliate, DB Franchise, LLC ("DBF"), is the franchisor of the Drybar® franchise system. DBF began offering franchises in February 2021; however, its predecessor began offering Drybar franchises in April 2012. As of December 31, 2023, there were 159 Drybar shops in the United States and six franchised shops in the United Kingdom.

Fitness Together Franchise Program. Our affiliate, Fitness Together Franchise, LLC ("FTF") is the franchisor of the Fitness Together® one-on-one personal training studio system. FTF began offering franchises in 1996. As of December 31, 2023, there were 96 Fitness Together franchise studios.

Radiant Waxing Franchise Program. Our affiliate, Radiant Waxing Franchise, LLC ("RWF"), is the franchisor of the Radiant Waxing® franchise system. RWF began offering franchises in July 2021 under the mark "LunchboxWax" until December 2021; however, its predecessor began offering franchises under the mark "LunchboxWax" in March 2013. In December 2021, RWF began offering franchises under the mark "Radiant Waxing." As of December 31, 2023, there were 65 Radiant Waxing salons, which include those that formerly operated under the mark "LunchboxWax."

Our affiliate, FTHC Operating Company ("FTHC"), provides services in connection with our gift card program.

Our affiliate, DBGC, LLC ("Drybar Gift Card"), provides services in connection with DBF's gift card program.

Our affiliate, RW GC, LLC ("RW Gift Card"), provides services in connection with RWF's gift card program.

Our affiliate, Wellness and Vitality Exchange, LLC ("WAVE"), is the sole designated supplier for the following categories of items: (i) most of your supplies (including massage oils and lotions, essential oils, and hygienic products); (ii) all products that Studios may be required to offer for sale; and (iii) tables, stools, and certain other equipment for your massage rooms.

Lastly, our parent WellBiz provides certain management services to us pursuant to a management services agreement.

The principal business address for WellBiz, Holdings, WBZ, and the affiliates described in this Item 1 is 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202. The principal business address for the other parent companies described in this Item 1 is 100 Fillmore Street, Suite 600, Denver, Colorado 80206. Other than as described above, none of our parent companies, nor any affiliates required to be disclosed in this Item 1 directly offers franchises in any line of business or otherwise conducts business of the type being offered to you in this Disclosure Document.

Description of the Franchised Business

We grant to each franchisee a license to use the "Elements Massage" service mark, together with other trademarks, service marks, and commercial symbols (collectively, the "Marks") for use in identifying and operating the Studio. You will sell and provide various forms of therapeutic massage services, as well as any related services and products that may be offered in the future.

You will operate the Studio according to our mandatory specifications, standards, operating procedures, and rules ("System Standards"). The distinguishing characteristics of the Franchise System include the business formats, business system, methods, procedures, signs (and together with other fixtures, furniture, equipment, and required computer hardware and software (the "Operating Assets")), designs, layouts, standards, specifications, the Operations Manual (as defined in Item 11) and Marks, all of which we may improve, further develop, or otherwise modify from time to time. In addition to individual massage sessions, Studios offer a membership program under which members, for a monthly fee, receive one massage session per month at a discounted rate and other benefits as determined by Studios.

The Market and Competition

Your Studio will offer its services and products to the general public. You will compete with nationally recognized trade names in the massage industry and with other local and regional businesses offering similar services and products. The market is developed but expanding. Depending on your Studio's location and demographics, certain seasons may be busier than others.

Licenses, Permits, and Industry Regulations

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Studio, including those that: (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Studio location, (3) establish licensing and certification requirements for massage therapists, (4) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for massage businesses; (5) set standards pertaining to employee health and safety, (6) set standards and requirements for fire safety and general emergency preparedness, and (7) regulate the proper use, storage and disposal of waste and other hazardous materials. You are solely responsible for investigating the license/permit requirements in your state.

You must also comply with all other local, state, and federal laws that apply to your operations, including health, sanitation, smoking, EEOC, OSHA, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses, and operational licenses for your business and employees and massage therapists.

You must comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

We recommend that you consult with legal counsel or other professional advisors to help you investigate and understand all laws applicable to your business before you purchase a franchise. It is your sole

responsibility to thoroughly investigate which regulations and/or licensing requirements are imposed by your state and local government authorities.

ITEM 2. BUSINESS EXPERIENCE

Amanda Clark, Chief Executive Officer and Manager

Ms. Clark has been our Chief Executive Officer, and has held the same position at WellBiz and with our affiliates, since March 2024 in Denver, Colorado. From February 2020 until March 2024, Ms. Clark held various roles with Papa John's Franchising, LLC, in Atlanta, Georgia, including most recently as Chief Operating Officer for International from September 2023 to March 2024. From February 2019 to February 2020, Ms. Clark served as the Executive Vice President for Restaurant Experience for Taco Bell, Inc. in Irvine, California.

Robert Bell, Chief Financial Officer and President

Mr. Bell has been our Chief Financial Officer, and has held the same position at WellBiz and with our affiliates, since May 2019 in Denver, Colorado. From March 2019 to May 2019, Mr. Bell served as our Senior Vice President of Finance and held the same position at WellBiz and with our affiliates. From April 2018 to February 2019, Mr. Bell served as our Vice President of Finance and held the same position at WellBiz and with our affiliates.

Ankin Laysha, Chief Operating Officer

Ms. Laysha has been our Chief Operating Officer, and has held the same position at WellBiz and with our affiliates since March 2023 in Denver, Colorado. From September 2019 to February 2023, Ms. Laysha served as Senior Director of Strategy and Design for 24 Hour Fitness in Carlsbad, California. From July 2016 to September 2019, Ms. Laysha served as an Engagement Manager for McKinsey & Company in Los Angeles, California.

ITEM 3. LITIGATION

Pending

Cassandra Ghaffar; Fahad Ghaffar; Optimum Paradigm (Garland), LLC; Brass & Rose Investments, LLC,; Brass & Rose-Kyle, LLC; Optimum Paradigm Fairview, LLC; Optimum Paradigm Rockwall, LLC; And Optimum Paradigm Mckinney, LLC; v. Amazing Lash Franchise LLC ("Franchisor"), Wellness and Vitality Exchange ("WAVE"), WellBiz Brands, Inc., and Amazing Lash Studio Franchise LLC (JAMS Arbitration Case ID 34086, Denver, Colorado, filed on August 29, 2023). Claimants (current franchisees) seek declaratory judgments that all client information is Claimants' trade secret, the noncompete provisions in the franchise agreements are unenforceable, and they did not breach the franchise agreements by purchasing unapproved products. Claimants also bring claims for breach of contract related to the pricing, supply, and quality of eyelash products and the Franchisor's termination of Claimants' franchise agreements; fraudulent inducement based on Claimants' assertions that the franchise disclosure documents omitted information about labor costs, product pricing, the treatment of membership fees as gross sales, and client information; and violations of the Colorado Consumer Protection Act based on the requirement that Claimants use approved suppliers; the pricing, quality, supply, and approval of products; the Franchisor's operational support and requirements; and the treatment of membership fees as gross sales. Claimants seek economic damages, rescission of the franchise agreements, treble damages, and attorneys' fees and costs. A final hearing is set for July 22-26, 2024.

Nadia Romeo, Douglas Romeo, ALC Orange County, LLC, ALC Costa Mesa, LLC, and ALC RSM, LLC v. Amazing Lash Franchise, LLC, WellBiz Brands, Inc., Wellness and Vitality Exchange ("WAVE"), WBZ Investment LLC, and Jeremy Morgan (JAMS Arbitration Case ID 34205, Denver, Colorado, filed on September 20, 2023). Claimants (current franchisees) filed claims for breach of contract and unjust enrichment related to the pricing, supply, and quality of products, the selection of suppliers, marketing and operational support, use of advertising funds, treatment of membership fees, and potential termination of Claimants' contracts; fraudulent nondisclosure and concealment based on Claimants' assertion that ALF did not disclose that Claimants would be required to purchase products from approved suppliers, the pricing of those products, Claimants' expected labor and operating costs, or that Claimants would be required to pay royalties on membership fees; fraud in the inducement and fraud based on Claimants' assertion that ALF misrepresented revenue and expense predictions, ALF's ability to provide operational and marketing support, the treatment of membership fees, and approved suppliers' selection, product pricing, and product quality; civil theft related to the use of advertising funds and treatment of membership fees; failure to set a price term in good faith related to approved suppliers' product pricing; breach of the covenant of good faith and fair dealing related to the requirement that Claimants purchase products from approved suppliers, the pricing and quality of those products, ALF's operational support and capacity requirements, potential termination of Claimants' contracts, and conduct related to the Franchise Advisory Council; violations of the California Corporations Code based on Claimants' assertions that ALF misrepresented revenue and expense predictions, ALF's ability to provide operational support, approved suppliers' product pricing, and conduct related to the Franchise Advisory Council; and civil conspiracy related to the same underlying claims and allegations. Claimants seek economic damages, recission of the contracts, an accounting of all membership fees, and attorneys' fees and costs. The case is in the preliminary stages, with no final hearing date yet set.

Completed

Charles Goldman and But There's the Rub, Inc. ("Claimants") v. Elements Therapeutic Massage, LLC ("Respondent"), American Arbitration Association (No. 01-19-0001-4745). On May 16, 2019, Claimants filed a demand for arbitration with the American Arbitration Association in Denver, Colorado. Claimants and Respondent were parties to two franchise agreements, dated November 9, 2012 and October 22, 2013. Alleging that Respondent made pre-sale misrepresentations or omissions to induce them to enter into the franchise agreements, Claimants asserted claims for fraud, negligent misrepresentation or omission, and violation of the Colorado Consumer Protection Act. Claimants further alleged that Respondent breached the franchise agreements and the implied covenant of good faith and fair dealing. Claimants sought rescission of the franchise agreements, a full refund, an unspecified amount of damages, and an award of their attorneys' fees and costs. Respondent asserted a breach of contract counterclaim against Claimants based on their premature abandonment of their studio. Respondent sought an award of its damages, attorneys' fees, and costs. On March 12, 2020, the parties entered into a settlement agreement under which, without admission of wrongdoing, Respondent refunded Claimants' initial franchise fee of $45,000 for one of its franchise agreements.

Other than the actions disclosed above, 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. Unless you are signing a Franchise Agreement under an Area Development Agreement, when you sign a Franchise Agreement to develop a single Studio, you must pay us an initial

franchise fee (the "Initial Franchise Fee") of $40,000. You must pay the Initial Franchise Fee as a lump sum by wire transfer. The Initial Franchise Fee is fully earned by us when paid by you, and is not refundable.

Development Fee. If we grant you the right to develop two or more Studios under an Area Development Agreement, you must pay us a one-time development fee (the "Development Fee") upon executing your Area Development Agreement. Your Development Fee will depend on the number of Studios we grant you the right to develop within the Development Area and is calculated as follows:

(1) $80,000 if you sign an Area Development Agreement in which you agree to develop two Studios;

(2) $25,000 multiplied by each Studio you agree to develop if you sign an Area Development Agreement in which you agree to develop three to five Studios;

(3) $20,000 multiplied by each Studio you agree to develop if you sign an Area Development Agreement in which you agree to develop six to nine Studios; and

(4) $15,000 multiplied by each Studio you agree to develop if you sign an Area Development Agreement in which you agree to develop 10 or more Studios.

Typically, an area developer is expected to develop three to five Studios and the range of the Development Fee in that case would be $75,000 to $125,000. You will be required to enter into our then-current form of Franchise Agreement for each Studio you wish to develop under your Area Development Agreement, but you will not be required to pay an Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into an Area Development Agreement, you must execute our current form of Franchise Agreement for the first Studio we grant you the right to open within the Development Area concurrently with the Area Development Agreement.

The Development Fee is due in a lump sum when you sign your Area Development Agreement. The Development Fee is fully earned by us upon your execution of the Area Development Agreement, and is not refundable.

Veterans' and Active-Duty Military Discount. We offer a 20% discount on the Initial Franchise Fee for veterans and active-duty members of the United States armed forces who will hold at least a 51% ownership interest in the Studio to be developed and operated under a Franchise Agreement. We reserve the absolute right to determine whether you qualify for this discount and we may deny this discount or modify this discount at any time for any reason.

Minority-Owned Business Discount. We offer a 20% discount on the Initial Franchise Fee for members of a minority race or ethnicity (Black, Hispanic, Asian, Pacific Islander, or American Indian/Alaska native) who will hold at least a 51% ownership interest in the Studio to be developed and operated under a Franchise Agreement. We reserve the absolute right to determine whether you qualify for this minority-owned business discount and we may deny this discount or modify this discount at any time for any reason.

The veterans' and active-duty military and minority-owned business discounts cannot be combined with any other discounts offered above, including the discounts to the Development Fee.

We reserve the right to waive or reduce the Initial Franchise Fee for other franchisees. In the fiscal year ended December 31, 2023, we received Initial Franchise Fees in amounts ranging from $25,000 to $40,000.

Other Initial Payments. Before you open your Studio, you may be required to pay us the fees stated below:

Initial Opening Package. Before opening your Studio, you must purchase an "Initial Opening Package" from our affiliate WAVE. The Initial Opening Package includes but is not limited to: (i) most of your initial supplies (including massage oils and lotions, essential oils, and hygienic products); and (ii) tables, stools, and certain other equipment for your massage rooms. The estimated cost of this Initial Opening Package from WAVE will range from $18,000 to $24,000, depending on the size of your particular Studio and excluding taxes and freight which will vary depending on where your Studio is located. All amounts paid to WAVE for the Initial Opening Package are fully earned when paid and are not refundable under any circumstances.

Additional Attendees for Training Program. We currently require only you or your Operating Partner (as defined in Item 15) and your Designated Manager (if applicable) (as defined in Item 15) to attend the Training Program (as defined in Item 11) before opening your Studio. You may invite additional employees to attend the Training Program if space allows, but we may charge you our then-current training fee (currently, $500 per attendee, plus costs). We do not expect or require you to send additional persons to the Training Program, and we may limit the number of attendees, so we currently estimate your cost for additional attendees will be $0.

Massage Session during Training Program. Part of the Training Program includes the requirement that you (or your owners) and other Training Program attendees experience a massage session, and you will be required to pay for that massage session. If such massage session is at a Studio owned by us or an affiliate, you and your trainees will pay us or an affiliate approximately $100 per trainee. We anticipate most franchisees will send up to three trainees, and in that case the fee payable to us or our affiliate would be $300, excluding any applicable taxes and gratuities.

Initial Software Set-Up and Technology Fees. You are required to pay us a $499 set-up fee for the set-up of certain required software programs. You are also required to pay us a $75 fee for gift card program set-up fee and the technology fee for the two months before opening ($700 per month).

Architect Exception Request Fee. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of $2,500.

Site Feasibility Fee. We will provide one feasibility and two revised feasibilities for a proposed site for your Studio at no charge, but following such three feasibilities, you must pay us $250 for each additional feasibility we generate in connection with evaluating proposed sites for your Studio.

Signage Exception Request Fee. If we approve an exception to the requirement that you use one of our approved signage vendors for your Studio's signage, you must pay us a fee of $1,500 to review the signage fabrication drawings.

Search Territory Change Fee. If you request to amend the Search Territory set forth in your Franchise Agreement, and we agree to such change, we reserve the right to charge you an administrative fee of $1,000 concurrently with executing documentation to implement the amended Search Territory.

Grand Opening Spend Requirement. No later than 10 days after the date that you sign an approved lease for the Premises (or 10 days after the date you purchase and take possession of an existing Studio), you must pay us, by ACH, $20,000 as a non-refundable grand opening spend fee (the "Grand Opening Spend Requirement"). However, if you are signing the Franchise Agreement in connection with the renewal of an existing Studio, we do not charge a Grand Opening Spend Requirement.

Manager Training Program. Before you open your Studio, based on the factors we determine, we may offer you (or your Operating Partner) and any applicable Designated Manager the opportunity to attend a manager training program. If we offer such training and you elect to attend such training, you may be required to pay us our then-current fee (currently, $500 per day per attendee, plus costs).

Referral Fee Program. If an existing franchisee refers a prospective franchisee to us who ultimately purchases a franchise for a Studio, we currently pay the referring franchisee a referral fee which ranges from $0 to $15,000. We reserve the absolute right to determine whether referring franchisees qualify to receive any referral fees and we may discontinue or modify this referral fee program at any time for any reason.

Except as otherwise noted, the initial fees described above are not refundable under any circumstances.

ITEM 6. OTHER FEES

Type of Fee*	Amount	Due Date	Remarks
Royalty	6% of Gross Receipts	5th day of each month	See Note 1
Brand Marketing Fund	2% of Gross Receipts (subject to our right to increase)	5th day of each calendar month	See Note 2
Local Advertising Fee	$2,000 per month (subject to our right to increase)	15th day of each calendar month (or as determined by a third-party vendor)	See Note 3
Local Spend Amount	2% of Gross Receipts (subject to our right to increase)	As incurred	See Note 3
Default Fee	$250 - $2,500	Upon receipt of statement	See Note 4
Dishonored Check or Insufficient Funds Fee	$150	Upon receipt of statement	See Note 5
Interest on Late Payments	1.5% per month or highest commercial rate	Upon receipt of statement	See Note 6
Monthly Management Fee (in event of your abandonment, default, or termination)	Up to $7,500 per month plus direct out-of-pocket expenses	1st day of each month upon occurrence	See Note 7
Replacement or Remedial Training Program Fee	Then-current fee, currently $500 per attendee, plus costs and expenses	Before replacement or remedial training	See Note 8
Additional or Special Training	Then-current fee, currently $500 per day per trainer or attendee (as applicable to the training program), plus costs and expenses	Before additional training	See Note 9
Annual Conference Registration Fees	Then-current annual conference registration fees for at least one attendee (currently, $500 per person), plus costs and expenses. Default fee applies for non-attendance.	Before annual conference	See Note 10

Type of Fee*	Amount	Due Date	Remarks
Manager Training Program	Then-current fee, currently $500 per day per attendee, plus costs and expenses	Before you attend training program	See Note 11
Technology Fee	Currently, $700 per month	1st day of each calendar month	See Note 12
Marketing Cooperatives	As established (Existing marketing cooperatives charge between $500 and $1,500 per month)	As established	See Note 13
Successor Franchise Fee	25% of the then-current Initial Franchise Fee	Upon renewal	See Note 14
Transfer Fee – Franchise Agreement	50% of the then-current Initial Franchise Fee; reduced to $2,500 for select ownership interest transfers (see note)	Upon signing the consent to transfer	See Note 15
Transfer Fee – Area Development Agreement	$2,500 for administrative costs and expenses in connection with ownership interest transfers. Development rights cannot be transferred.	Upon signing the consent to transfer	
Transfer Fee Deposit	$5,000	Upon signing the consent to transfer	See Note 16
Inventory	Varies according to products purchased	At the time of purchase	See Note 17
Royalty Underpayments (audit)	Varies. Difference between amount reported and correct amount, plus applicable interest (and if understated amount is more than 2%, plus our costs (including attorneys' and accountants' fees)).	Time of audit	See Notes 18 & 28
Defense or Enforcement Costs	All costs including attorneys' fees (variable)	Upon settlement or conclusion of a claim or other legal action	See Notes 19 & 28
Indemnification	All costs including attorneys' fees (variable)	Upon settlement or conclusion of a claim or other legal action	See Notes 20 & 28
Collection Costs	Actual costs and expenses to collect past due or other amounts	Upon settlement or conclusion	See Notes 21 & 28
Arbitration and Proceeding Costs	Our arbitration or other court costs plus attorneys' fees and costs if we prevail in the arbitration or proceeding	Upon conclusion of arbitration or proceeding	See Notes 22 & 28

Type of Fee*	Amount	Due Date	Remarks
Liquidated Damages	An amount equal to the combined monthly average of Royalties, Brand Marketing Fund contributions, and any other fees under this Agreement (without regard to any fee waivers, or other reductions) payable during the 12 months preceding the date of early termination, multiplied by the lesser of (i) 24 or (ii) the number of full months remaining in the term. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages.	Upon termination of Franchise Agreement by you without cause or because of your default	See Note 23
Alternative Supplier Evaluation	Varies according to administrative expenses in evaluating the request and its complexity	On demand	See Note 24
Relocation Fee	$10,000, plus costs and fees associated with migrating clients to nearby Studios	Upon our approval of relocation request	See Note 25
Quality Assurance Inspections	Actual costs and expenses	As incurred	See Note 26
Development Area Change Fee	$1,000	Upon our approval of Development Area change request	See Note 27
In-House Legal Billing Rates	Then-current hourly billing rate for in-house attorneys (currently, $400 per hour) and paralegals (currently, $150 per hour)	As incurred	See Note 28

* Except as otherwise noted, all fees are uniformly imposed on all franchisees and collected by, and payable to, us (or our designated affiliate). Any fees paid to us are non-refundable unless otherwise noted. Your costs for certain items listed above may differ depending on the suppliers used, local costs, and other factors. We will auto-debit your bank account (known as "ACH") for all fees you are required to pay to us under the Franchise Agreement. We will ACH your bank account for the amounts due based on your gross monthly receipts from the previous month, as obtained by us from our approved computer system used by you to record receipts. Your ACH will remain in effect throughout the term of the Franchise Agreement and any successor franchise terms. You must ensure that funds are available in your bank account to cover our withdrawals. Some banks charge fees for us to ACH your account; you must pay those fees. We may require you to pay any amounts due under the Franchise Agreement or otherwise by means other than ACH (*e.g.*, by check or credit card) whenever we deem appropriate, and you must comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude you from participating in certain programs. In addition, your failure to comply with our payment instructions will be considered a default under the Franchise Agreement.

NOTES:

1. **Royalty.** You must pay us a monthly royalty on the 5th day of each month starting with the 1st full calendar month after opening the Studio. We reserve the right to collect royalties on a weekly, rather than monthly, basis upon notification to you.

   If we are unable to access information from your Computer System (as defined in Item 11), and you fail to report your Studio's Gross Receipts when due, then for each payment due under the Franchise Agreement that is calculated based on Gross Receipts, we may debit your business account 110% of the average of your last three applicable payments that we debited. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Studio's true and correct Gross Receipts), we will debit your business account for the balance on the day we specify. If the amounts we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

   Despite any designation you make, we may apply any of your payments to us or our affiliates to any of your past due indebtedness to us or our affiliates.

   "Gross Receipts" include all of your revenue and receipts, including those taken by cash, credit card, debit card, check, electronic funds transfer, ACH, trade, barter or exchange. Gross Receipts also include: (a) any other means of revenue derived from the operations of your Studio, 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 or redemption of gift cards, in accordance with our then-current System Standards; and (c) the gross amount of any business interruption or similar insurance payments. Gross Receipts exclude: (i) sales, use or privilege taxes paid to the appropriate taxing authority; (ii) refunds that are provided to clients (not including chargebacks); and (iii) tips received from clients for payment to your employees. The "Premises" is the specific location of your Studio that we approve.

2. **Brand Marketing Fund**. You must make contributions to an advertising and marketing fund (the "Brand Marketing Fund") of 2% of the Gross Receipts of your Studio, which we will spend on preparing marketing, recruiting, advertising, and promotional materials and programs that will be used nationally, regionally, multi-regionally, or locally. We may increase the amount you are required to contribute to the Brand Marketing Fund upon 30 days' written notice, but you will not be required to contribute more than 4% of the Gross Receipts of your Studio. You must also satisfy the Grand Opening Spend Requirement (see Item 5) and the Local Marketing Spend Requirement described below.

3. **Local Marketing Spend Requirement**. You must pay us, or to a third-party vendor we designate, a minimum "Local Advertising Fee" each month, which is currently $2,000 per month. We or our designated vendor will use the Local Advertising Fee toward paid digital advertising programs (and any evolutions or "next generations" thereof) for your Studio within an area reasonably surrounding your Studio, which may include but not be limited to social media advertising and search engine marketing. We may periodically increase or otherwise modify the amount of your Local Advertising Fee or its accompanying digital advertising programs or resources upon 30 days' written notice to you. We currently collect the Local Advertising Fee by ACH on the 15th day of each month for the preceding month. We may change the day of the month on which we collect the Local Advertising Fee. If we designate a third-party vendor to administer the paid digital advertising programs described above, you may be required to sign a participation agreement or similar document with such third-party vendor which will include payment terms regarding the Local Advertising Fee.

You must additionally spend a minimum of 2% of the Gross Receipts of your Studio each month toward approved advertising, marketing and promotional programs for your Studio within an area reasonably surrounding your Studio (the "Local Spend Amount"). We may periodically increase the amount of your Local Spend Amount upon 30 days' written notice to you. We refer to the Local Advertising Fee and your Local Spend Amount together as the "Local Marketing Spend Requirement." Your Local Marketing Spend Requirement excludes any contributions you make to the Brand Marketing Fund, but any contributions you make to a Marketing Cooperative will count toward your Local Spend Amount. Your required Marketing Cooperative contributions could, by themselves, exceed the Local Spend Amount. We or our affiliates may be a designated supplier of local advertising, marketing and promotional programs for your Studio.

4. **Default Fee.** If you are in default of the Franchise Agreement and we send you a default notice, you must pay us a default fee in consideration for our administrative expenses, which may range from $250 to $2,500.

5. **Dishonored Checks or Insufficient Funds Fee**. If you write us a check that is returned, cancelled or dishonored, or if we ACH your bank account (in accordance with the terms of the Franchise Agreement) and your account has insufficient funds or is inaccessible, you must pay us an insufficient funds fee.

6. **Interest on Late Payments**. All amounts that you owe us for any reason will bear interest accruing as of their original due date at 1.5% per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for transaction charges and interest.

7. **Monthly Management Fee (in the event of your abandonment, default, or termination)**. If: (1) you abandon or fail actively to operate your Studio; (2) you fail to comply with any provision of the Franchise Agreement or any System Standard and do not cure the failure within the applicable cure period; or (3) the Franchise Agreement is terminated and we are deciding whether to exercise our option to purchase the Studio, we have the right (but not the obligation): (i) to enter the Premises to make any modifications we deem necessary to protect the Operating Assets; (ii) to remove any equipment, signage, or other materials featuring the Marks; (iii) to cure any defaults under the lease; and (iv) to assume all of your rights under the lease. We additionally have the right (but not the obligation) to enter the Premises and assume your Studio's management for any period of time we deem appropriate, but not to exceed six months. If we (or a third party we designate) assume your Studio's management, you must pay us our then-current monthly management fee, plus our (or the third party's) direct out-of-pocket costs and expenses. These amounts are in addition to any Royalty, Brand Marketing Fund contributions, and other amounts which may be due to us or our affiliates.

8. **Replacement or Remedial Training Program Fee**. Any successor or replacement Operating Partner (defined in Item 15) or Designated Manager (defined in Item 15) may be required to complete the Training Program no more than 90 days after being appointed (see Item 11). Additionally, if you (or your Operating Partner) or your Designated Manager (if applicable), or any other personnel required by us, fail to satisfactorily complete the Training Program, then we reserve the right to require such individual to attend remedial training and you may be required to pay us our then-current training fee for such remedial training. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.

9. **Additional or Special Training Fee**. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current training fee. Further, we may require you and/or certain other employees of your Studio (including any applicable Designated Manager) to attend or otherwise complete various training courses (including electronic training courses), trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. You may be required to pay fees to third-parties or pay us our then-current training fee for such courses and programs. Lastly, if you are acquiring an existing Studio and we do not choose to provide an on-site training team or if you would like additional on-site support, you may request such additional or special support for our then-current training fee. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Studio to conduct training, including food, lodging and transportation.

10. **Annual Conference Registration Fees**. You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You will be required to pay our then-current registration fee, which we reserve the right to collect via ACH for at least one attendee on behalf of your Studio no later than 60 days prior to the scheduled annual conference unless you obtain a written attendance waiver from us. If you do not attend, we may charge you a default fee for failing to attend. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.

11. **Manager Training Program Fee**. Before or after you have opened your Studio for business, we may offer you (or your Operating Partner) and any applicable Designated Manager, based on the factors that we determine, the opportunity to attend a manager training program. If you elect to attend such training, you may be required to pay us our then-current training fee. We do not currently require attendance and completion of this manager training program, but we may do so in the future. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.

12. **Technology Fee**. We require you to pay a fee to us, or a service provider we designate (which may be one of our affiliates), for technology-related services, including website or email hosting, help desk support, software or website development, enterprise solutions and other services associated with your Computer System and/or any Franchise System Website (a "Technology Fee"). The Technology Fee is payable monthly, which we will ACH from your bank account on the 1st day of each month beginning 60 days before your Studio opens. The email portion of the Technology Fee includes up to four users; we currently charge $7.50 per month per account if you request, and we agree to establish, additional email accounts for your Studio. If you want access to technologies other than email before opening, then the Technology Fee will accrue at the monthly rate from such time. If we travel to your Studio to provide any technological support and/or installation services, you must also reimburse us for the costs we incur for such site visit, including travel, food, and lodging. We may periodically modify the Technology Fee upon 30 days' written notice.

13. **Marketing Cooperatives**. We may establish a marketing cooperative in a geographic area in which three or more Studios are located ("Marketing Cooperative"). The Marketing Cooperative's members will include all Studios operating in the geographic area, including us and our affiliates, if applicable. Any Studio we or our affiliates own will have the same voting power as franchised Studios. We may also require that you join an existing Marketing Cooperative operating in a

geographic area encompassing or near your Studio. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may designate, approve or develop standards and specifications for Marketing Cooperative suppliers. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. All Marketing Cooperatives will be governed by written documentation we designate or approve. Such documentation is available for Marketing Cooperative member review. We may form, modify, change, dissolve, or merge Marketing Cooperatives. As of the date of this Disclosure Document, there are Marketing Cooperatives in existence in certain geographic areas. The range provided in the table is what these existing Marketing Cooperatives currently charge their members, but your Marketing Cooperative will determine your contribution level, so your contributions could exceed this range.

14. **Successor Franchise Fee**. If you are approved to acquire a successor franchise upon the expiration of your Franchise Agreement, you will sign our then-current forms of renewal addendum and franchise agreement (which may contain terms and conditions materially different from those in the form of Renewal Addendum and Franchise Agreement attached to this Disclosure Document) and pay us a successor franchise fee. The successor franchise fee is due upon the execution of the successor franchise agreement and is payable by wire transfer.

15. **Transfer Fee**. You must pay us a transfer fee if you sell or transfer ownership of your Studio, or if you assign or sell any interest in you (if you are an entity) or in the Studio. You must pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchises, unless the transfer is equal to or less than a ten percent (10%) ownership interest in you (if you are an entity), in which case you must pay us $2,500 for administrative costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees. You must pay us this transfer fee in a lump sum by wire transfer at the time you sign the conditional consent to transfer. If the transferee is referred to you by a broker, you must also pay the broker's fees. You do not have to pay a transfer fee if you transfer your individual interest in the Franchise Agreement to a corporation, limited liability company, partnership or similar entity in which you own a controlling interest. If we terminate our conditional consent to the transfer or the transferee's franchise agreement for certain reasons (for instance, if the transfer does not occur or the transferring parties fail to meet the conditions to our consent), and the transferring parties sign a general release, then we will refund the transfer fee. However, if the transferee has already attended any portion of initial training, we will only refund 50% of the transfer fee.

16. **Transfer Fee Deposit**. In the event of a transfer, you must pay us a fee deposit of $5,000 when you sign the conditional consent to transfer. We will refund the deposit to you, less any amounts which may be due under the Franchise Agreement, within 30 days following the effective date of the transfer or the date on which you and the transferee have complied with all terms in our agreement and conditional consent to transfer, whichever is later.

17. **Inventory**. Currently, our affiliate, WAVE, is the sole designated supplier of the following categories of items: (i) most of your supplies (including massage oils and lotions, essential oils, and hygienic products); (ii) all products that you may be required to offer for sale at your Studio; and (iii) tables, stools, and certain other equipment for your massage rooms.

18. **Royalty Underpayments (audit)**. If an examination or audit of your books and records reveals that any payments due or made to us were based upon understated amounts, then within fifteen (15) days after receiving the examination report, you must pay us an amount equal to the payment that would have been due or paid in the absence of understated amounts, minus the payment actually

due or made, plus applicable interest, calculated on an annual basis, from the date the disputed amount was originally due until the correct amount is paid. If the understatement is 2% or more, then you will also reimburse us for any costs and expenses, including accounting and attorneys' fees, in connection with the examination or audit.

19. **Defense or Enforcement Costs**. If we are successful in any action based on your breach of the Franchise Agreement, we will be entitled to have you pay our reasonable attorneys' fees, court costs, expenses of litigation and all other costs associated with any other appropriate remedies.

20. **Indemnification**. You must indemnify us and our affiliates from all claims related to your Studio, the Franchise Agreement or your breach of the Franchise Agreement.

21. **Collection Costs**. If you withhold amounts owed to us and we pursue collection of such amounts, you must pay to us all of our costs and expenses, including arbitration and court costs, attorneys' fees, the value of our employees' time, witness fees and travel expenses in connection with our collection efforts.

22. **Arbitration and Proceeding Costs**. The prevailing party of any arbitration or litigation shall be entitled to recover from the other party all costs and expenses, including arbitration and court costs, witness fees, and reasonable attorneys' fees.

23. **Liquidated Damages**. You will be required to pay us the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, Brand Marketing Fund contributions, and Marketing Cooperative contributions, less any cost savings, through the remainder of the term of this Agreement (the "Liquidated Damages") if we terminate the Franchise Agreement based on your default or if you terminate the Franchise Agreement without cause before its expiration. Liquidated Damages will be equal to the combined monthly average of Royalties, Brand Marketing Fund contributions, and any other fees under this Agreement (without regard to any fee waivers, or other reductions) payable during the 12 months preceding the date of early termination, multiplied by the lesser of (i) 24 or (ii) the number of full months remaining in the term. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages. In addition to Liquidated Damages, we reserve all other remedies we have under the Franchise Agreement.

24. **Alternative Supplier Evaluation**. If you would like us to consider approving a supplier that is not then approved, you must submit your request in writing before purchasing any items or services from that supplier. We will not be obligated to respond to your request or make our specific criteria available to you, and we may require that you pay us a fee to compensate us for the time and resources we spend in evaluating the proposed supplier, which may be set forth in the Operations Manual and vary depending on our administrative expenses in evaluating the request and its complexity. Approval of a supplier may be conditioned on any factors we determine, including requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, and standards of service.

25. **Relocation Fee**. You may not relocate your Studio to a location other than the Premises without our prior written approval. Our decision on whether to approve or deny a relocation request will be based on our then-current standards for approving relocation requests, which may include a variety of factors including the viability of the proposed location within your existing Studio's designated market area (as determined by us) and the availability of alternative locations. We will endeavor to provide a written response to any relocation request within 30 days of receiving your written

request. If we allow you to relocate your Studio, you must pay us a relocation fee of $10,000 at the time we approve your request, the relocation will be subject to the site selection and lease provisions in your Franchise Agreement and you will relocate the Studio at your sole expense and you must cooperate with us to preserve client goodwill with impacted clients (including by issuing full or partial refunds or otherwise facilitating their migration to nearby Studios which can fulfill services and paying any costs and fees to us associated with such migration).

26. **Quality Assurance Inspections**. We may contract with third parties to conduct or engage mystery shopper services, client surveys, client satisfaction programs, other market research tests, or quality-assurance inspections at your Studio (collectively, "Quality Assurance Inspections") and we reserve the right to seek reimbursement of all associated costs and expenses.

27. **Development Area Change Fee**. If you request to amend the Development Area set forth in your Area Development Agreement, and we agree to such change, we reserve the right to charge you an administrative fee of $1,000 concurrently with executing documentation to implement the amended Development Area.

28. **In-House Legal Billing Rates**. Attorneys' fees and costs which are due and owing to us include any work performed by any attorneys and legal staff working on our behalf, expressly including our in-house attorneys, paralegals, and our administrative costs. In addition to any of your obligations within the Franchise Agreement to indemnify us against, reimburse us for, or otherwise pay our attorneys' fees and costs (such as those obligations described in Notes 18 through 22 above), our in-house attorneys' work will be invoiced to you at their then-current hourly billing rate (currently, $400 per hour) while our paralegals' work will be invoiced to you at their then-current hourly billing rate (currently, $150 per hour). For the purpose of clarity, nothing in your Franchise Agreement will establish a joint-representation arrangement of any kind whatsoever between you and our in-house legal department.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(FRANCHISE AGREEMENT)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee[1]	$40,000	Lump sum	Upon signing Franchise Agreement	Us
Real Property, Utility, Security, and Other Deposits[2]	$3,900 - $9,400	As arranged	As incurred	Third-party suppliers & landlord
Leasehold Improvements (net of landlord tenant allowances)[3]	$231,800 - $350,000	As arranged	As arranged	Landlord, approved suppliers and contractors
Cabinetry, Millwork, Furniture, and Décor[4]	$38,700 - $61,000	As arranged	As arranged	Approved suppliers
Initial Opening Package[5]	$18,000 - $24,000	Lump sum	As incurred before opening	Our affiliate WAVE

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Software Set-Up and Technology Fees[6]	$1,974	As arranged	As billed	Us
Computer System & Other A/V Technology[7]	$26,000 - $31,000	As arranged	As incurred	Approved suppliers
Training Program and Other Training Expenses[8]	$2,850 - $4,250 (plus travel, meal, lodging and other expenses)	As incurred	As incurred	Us; Hotels, restaurants, airlines, car rental providers, and other travel-related service providers
Architect, Engineer, Drawings[9]	$12,000 - $15,000	As arranged	As incurred	Approved suppliers
Grand Opening Spend Requirement[10]	$20,000	Lump sum	No later than 10 days after the date that you sign an approved lease for your Studio premises (or 10 days after you purchase an existing Studio).	Us
Signage and Graphics[11]	$7,100 - $12,600	As arranged	As incurred	Approved suppliers
Office and Business Supplies[12]	$3,630 - $5,500	As arranged	As incurred	Third-Party Suppliers
Business Licenses and Permits[13]	$1,100 - $12,570	As required by government authorities	As required by government authorities	Applicable government authorities
Insurance (Initial 20% Payment)[14]	$2,100 - $2,300	As required by insurance carrier	Before opening	Designated Supplier
Professional Fees[15]	$1,980 - $13,530	As arranged	As arranged	Third-party professionals (accountants, legal, etc.)
Additional Funds (Three Months)[16]	$59,550 - $91,150	As arranged	First three months of operation	Landlord, utilities providers, and other suppliers
TOTAL ESTIMATED INITIAL INVESTMENT[17]	$470,684 - $694,274			

NOTES:

1. **Initial Franchise Fee**. When you sign a Franchise Agreement to develop a single Studio, you must pay us an Initial Franchise Fee of $40,000. You must pay the Initial Franchise Fee as a lump sum by wire transfer. The Initial Franchise Fee is fully earned by us when paid by you.

   If you are signing the Franchise Agreement under an Area Development Agreement under which you or your affiliate previously paid a Development Fee, then, as described in Item 5, you may not be required to pay an Initial Franchise Fee at the time you execute the Franchise Agreement.

2. **Real Property, Utility, Security, and Other Deposits**. If you do not own retail space adequate to open your Studio, you must lease or rent the retail space from a third party. Studios are typically located in upscale retail areas, and require approximately 1,500 to 2,000 square feet. Estimated monthly lease payments range from $4,000 to $7,500 (including common area maintenance payments) depending on the size, condition, and location of the leased premises. Your landlord may require a security deposit before leasing the premises to you, which is typically equal to one month's rent. Some utility companies also may require a security deposit before commencing services.

3. **Leasehold Improvements (net of landlord tenant allowances).** The Studio must be built according to our brand standards and specifications. The amount of your leasehold improvements can vary substantially based on existing conditions, size, design, the site's previous use, labor costs (which may further include both union and non-union labor), materials, the state, city or area in which your Studio is located, and the nature and extent of improvements required. These amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing location, which would also result in a significantly greater initial investment. You should carefully investigate all of these costs in the area where you wish to establish your Studio. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately 1,500 to 2,000 square feet. Typically, costs are higher in large metropolitan areas or if you choose premises with square footage in excess of the high range of 2,000 square feet. In addition, the range disclosed in the chart is the range of costs after deducting any landlord allowances (tenant improvements, rent deduction and the like), which may or may not be granted by your landlord. We estimate that tenant improvement allowances typically range from $0 to $150,000; however, these allowances may vary by your location and other economic factors. Your construction costs may be higher depending on all of the factors described in this note. Lastly, this estimated range does not include building permits or plan review fees, which will vary depending on where your Studio is located.

4. **Cabinetry, Millwork, Furniture, and Décor**. You must purchase your Studio cabinetry and millwork from our designated supplier. The cost of these items will vary depending on the size of your Studio, the brands purchased, the quantity of the items purchased and other factors such as freight to your Studio. Furniture and décor items within this range are in addition to those included within the "Initial Opening Package" range.

5. **Initial Opening Package**. Before you open your Studio, you must purchase the "Initial Opening Package" from our affiliate WAVE. The Initial Opening Package includes but is not limited to: (i) most of your initial supplies (including massage oils and lotions, essential oils, and hygienic products); and (ii) tables, stools, and certain other equipment for your massage rooms. All of these items are purchased through our affiliate WAVE. We estimate that the total payments for the Initial Opening Package will range between $18,000 to $24,000 (excluding taxes and freight, which will vary depending on where your Studio is located), although the specific amount will vary based on

your particular Studio. All amounts paid to WAVE for the Initial Opening Package are fully earned when paid and are not refundable under any circumstances.

6. **Initial Software Set-Up and Technology Fees**. You must pay us a $499 set-up fee for the set-up of certain required software programs, a $75 fee for gift card program set-up, and the Technology Fee for two months before opening ($700 per month), each of which is included in the figure stated in the Table.

7. **Computer System and Other A/V Technology**. After signing a lease for your Studio, you are required to purchase a technology package from our designated vendor which will include computers, tablets, and other devices for use in operating your Studio and which collectively comprise the "Computer System" described in the Franchise Agreement and in Item 11. The estimated cost in the table is inclusive of installation costs and services from our designated vendor and certain hardware from our required point-of-sale vendor. Your minimum requirements for these items are designated in the Operations Manual and in Items 8 and 11 of this Disclosure Document.

8. **Training Program and Other Training Expenses**. You must pay your own transportation, meals, lodging and any other living expenses for you and any other persons attending any training programs outlined in Item 11 of this Disclosure Document. The amount you spend per individual will depend on the distance traveled and the type of accommodations you choose. The estimate contemplates you and up to two other people traveling to a Franchisee Training Studio for approximately three days to attend the Training Program. Part of the Training Program also includes the requirement that you (or your Operating Partner, as defined in Item 15) and other Training Program attendees experience a massage session, and you will be required to pay for that massage session. If such massage session is at a Studio owned by us or an affiliate, you and your trainees will pay us or affiliate approximately $100 per trainee. We anticipate most franchisees will send up to three trainees, and in that case the fee payable to us or our affiliate would be $300. The estimates do not include any wages or salary you may choose to pay yourself or others while attending the Training Program or Wi-Fi access and sufficient technology to attend any virtual training.

9. **Architect, Engineer, Drawings**. You must use one of our approved architect, engineering, and design vendors. Estimated fees do not include services beyond the basic scope of work or items such as structural engineering. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of $2,500. Additionally, we will provide one feasibility and two revised feasibilities for a proposed site for your Studio at no charge, but following such three feasibilities, you must pay us $250 for each additional feasibility we generate in connection with evaluating proposed sites for your Studio.

10. **Grand Opening Spend Requirement**. No later than 10 days after the date that you sign an approved lease for your Premises (or 10 days after the date you purchase an existing Studio), you must pay to us the Grand Opening Spend Requirement of $20,000 by ACH. The Grand Opening Spend Requirement is in addition to your Local Marketing Spend Requirement. We will use the Grand Opening Spend Requirement to advertise, market, and promote your Studio using any suppliers we may designate in accordance with a marketing and recruiting plan that we determine, which may include pre-opening membership sales, recruitment of service providers, and related local promotional campaigns.

11. **Signage and Graphics**. The estimate includes one exterior sign which bears the Marks. The cost of the sign varies depending on the type, size and location of the sign, and may also be affected by shipping costs, as well as local zoning and other ordinances and regulations and landlord

restrictions. If you want additional exterior signs, your cost will be higher. All exterior and interior sign packages must be submitted to us for review and approval. If we approve an exception to the requirement that you use one of our approved signage vendors for your Studio's signage, you must pay us a fee of $1,500 to review the signage fabrication drawings.

12. **Office and Business Supplies**. We estimate that this range will cover the cost of various office and business supplies needed to operate a Studio for approximately the first 90 to 120 days of operations.

13. **Business Licenses and Permits**. The cost includes the licenses and permits required to operate a Studio in your location. The license and permit requirements are specific to the state and city/town in which your Studio is located. Certain states may require that you file and post a bond, the estimated cost of which is not included in the table.

14. **Insurance**. You must obtain insurance coverage from our designated supplier as described in Item 8 of this Disclosure Document. Your landlord may require additional insurance. Under our required insurance program, you pay 20% of the annual premium up front and the remaining premiums for the year in equal installments on a monthly basis. The estimated range shown in the table reflects an average initial 20% payment, which may vary depending on various factors and which you will pay before your Studio opens. However, franchisees typically have the option of paying the entire annual premium upfront. If you elect to pay your entire annual insurance premium upfront, these figures will be higher.

15. **Professional Fees**. These figures represent the estimated cost of hiring an attorney to assist you in evaluating the franchise opportunity, negotiating your lease, and in forming a business entity, and accountants' cost of setting up a new business. Before signing any lease, sublease, or other agreement to secure possession of any site (a "Lease"), you must obtain our written approval. The Lease must contain certain provisions we require, following the form of Lease Rider attached to the Franchise Agreement as Exhibit F. It is your sole responsibility to obtain a fully executed Lease Rider when executing your Lease. We recommend you have an attorney or other professional help you review and negotiate your Lease.

16. **Additional Funds (first three months of operations)**. The range of estimated costs represents your estimated initial start-up expenses (excluding amounts which are separately identified in the table). These estimated costs include payroll costs (excluding a draw or salary for you or your manager if you are not the manager), lease payments, Local Advertising Fees, monthly technology fees, and other operating expenses; however, this is only an estimate and you may need additional working capital if your sales are low or if you incur higher operating costs. The three-month period is not intended, and should not be interpreted, to identify a point at which your Studio will break even. This estimated amount may vary based on a number of factors, including the extent to which you follow our methods and procedures, local economic conditions, the local market for your services and products, competition, sales levels achieved during the initial three-month period, local wage rates (and the prevailing minimum wage rate in your jurisdiction), the extent of your actual participation in the Studio, your business acumen, your partners or shareholders (if applicable), and any other persons involved in the Studio.

17. **Total Estimated Initial Investment**. You should review these figures carefully with your professional advisors, including financial and legal advisors, before making any decision to purchase a Studio. The amounts may vary based on your geographic location. You should consider the costs of each of the items described in this Disclosure Document in your geographic location. Fees paid to us are not refundable under any circumstances, unless otherwise stated in the Franchise

Agreement. Fees or costs due to any other entity are subject to the terms set under their agreements. Inflation, discretionary expenditures, fluctuating interest rates, freight and other shipping expenses, and other factors, such as how long it takes for you to secure an approved site for your Studio and the size of your particular Studio, may affect your actual costs to open your Studio. You are responsible for all costs and variances from the estimated costs in this Item 7, or variances from any other estimates we may provide during any phase of the development of your Studio. The availability and terms of financing depend on the availability of financing generally, your creditworthiness, your available collateral, and lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation and does not include any state and local taxes and any shipping expenses. We do not currently finance any portion of the initial investment.

YOUR ESTIMATED INITIAL INVESTMENT

(AREA DEVELOPMENT AGREEMENT)

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee for Three Studios[2]	$75,000	Lump sum	Upon signing Area Development Agreement	Us
Initial Investment to Open Initial Studio[3]	$430,684 - $654,274	See first Item 7 table above.		
TOTAL ESTIMATED INITIAL INVESTMENT	$505,684 - $729,274	This is the total estimated initial investment to enter into an Area Development Agreement for the right to develop and own a total of three Studios and commence operating your initial Studio (as more fully described in the first Item 7 table above). See Note 3.		

NOTES:

1. **General**. All amounts payable to us are nonrefundable, unless otherwise noted.

2. **Development Fee**. If we grant you the right to develop two or more Studios under an Area Development Agreement, you must pay us a one-time Development Fee upon executing your Area Development Agreement. Your Development Fee will depend on the number of Studios we grant you the right to develop within the Development Area and is calculated as follows: (1) $80,000 if you sign an Area Development Agreement in which you agree to develop two Studios; (2) $25,000 multiplied by each Studio you agree to develop if you sign an Area Development Agreement in which you agree to develop three to five Studios; (3) $20,000 multiplied by each Studio you agree to develop if you sign an Area Development Agreement in which you agree to develop six to nine Studios; and (4) $15,000 multiplied by each Studio you agree to develop if you sign an Area Development Agreement in which you agree to develop 10 or more Studios. The Development Fee is due in a lump sum when you sign your Area Development Agreement. The Development Fee is fully earned by us upon your execution of the Area Development Agreement.

3. **Initial Investment for Initial Franchised Studio**. This figure represents the total estimated initial investment required to open and commence operating the first Studio you agree to develop under

your Area Development Agreement. You must execute our current form of Franchise Agreement for the first Studio we grant you the right to open within the Development Area concurrently with the Area Development Agreement. The range includes all of the items outlined in the first Item 7 table, except for the $40,000 Initial Franchise Fee. It does not include any of the costs you will incur in developing, opening and initially operating any additional Studios that you are required to develop after your initial Studio under your Area Development Agreement.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Product Specifications and Designated/Approved Suppliers

You must purchase or lease the brands, types, and models of fixtures, furniture, equipment, components of the Computer System, and signs that we approve for Studios as meeting our specifications and standards for quality, design, appearance, function, and performance ("Operating Assets"). You must comply with all of our System Standards for the purchase of all Operating Assets, and other products used or offered for sale at your Studio.

We also have the right to designate specific suppliers for the products and services used and sold in Studios. If we have approved or designated suppliers for any such item, you must obtain those items exclusively from the suppliers we have approved or designated. We may designate ourselves, our affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. There are currently no purchasing or distribution cooperatives for the Franchise System.

Currently, our affiliate, WAVE, is the sole designated supplier of the following categories of items: (i) most of your supplies (including massage oils and lotions, essential oils, and hygienic products); (ii) all products that you may be required to offer for sale at your Studio; and (iii) tables, stools, and certain other equipment for your massage rooms. We may add or remove items from the list of required products and services that you must acquire from us or our affiliates periodically at our discretion.

Currently, we have designated suppliers for the Computer System (as further defined in Item 11), advertising and promotional materials and other stationery supplies, gift cards, digital advertising and marketing services, design, architecture and construction services, furniture and fixtures, massage equipment, Studio insurance, music services, software (including scheduling/point-of-sale software, accounting software, and customer satisfaction software), uniforms and apparel, and signs, and hotel accommodations. We may periodically add or remove items from the list of required products and services that you must acquire from designated or exclusive suppliers in our discretion. As further explained in Item 11, the Computer System typically includes several computers and tablets capable of running our designated point-of-sale software.

You must acquire all other Operating Assets in accordance with our System Standards for suppliers, including purchasing such Operating Assets from suppliers we have approved in advance. We can modify, amend and change our System Standards, the Operations Manual or any other standards and specifications at any time, and will notify you of any such modifications. Notifications may be made by various means, including written or electronic correspondence, verbal or telephone communication, amendments or updates to the Operations Manual, bulletins and similar means of communications.

We estimate that the products and services that you obtain from our approved and designated suppliers and according to our specifications will represent 73% to 81% of all products and services you will purchase to establish your Studio, and 70% to 90% of all products and services you will purchase during operation of your Studio.

None of our officers owns an interest in any of our designated or approved suppliers. Except as described above, neither we nor our affiliates are currently a designated or approved supplier of any products or services.

Alternative Products and Suppliers

If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You must not purchase or lease any such item unless the supplier has been approved in writing by us. We will typically provide a response to a written request within 30 days. We are not required to approve any particular supplier or make our specific criteria available to you. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, and standards of service. We may require you to pay us a fee to compensate us for the time and resources we spend in evaluating your proposed supplier, which may vary depending on our administrative expenses in evaluating the request and its complexity. We may, with or without cause, revoke our approval of any supplier or otherwise revise our supplier approval process at any time.

Studio Location and Lease

You are required to use one of our approved architects, engineering, and design vendors in developing and constructing your Studio. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of $2,500.

We will give you (or if we have designated an approved supplier to develop design specifications for your Studio, we will give that approved supplier) mandatory and suggested specifications for the Premises, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. Throughout the development and construction of the Premises, we will review your plans and specifications for compliance with our design requirements. We may additionally advise you from time to time regarding the construction bidding process and other aspects of developing and constructing the Premises. You must send us any revisions of plans or specifications before such revisions are implemented.

If we approve an exception to the requirement that you use one of our approved signage vendors for your Studio's signage, you must pay us a signage exception request fee of $1,500 to review the signage fabrication drawings.

You agree to develop, construct, and decorate the Premises at your own expense according to plans and specifications approved by us and in accordance with the requirements of the Lease and applicable law.

Insurance

Throughout the term of the Franchise Agreement (including any renewal periods) you are required to maintain certain minimum amounts and types of insurance coverage as we periodically specify in the Operations Manual or otherwise in writing.

We require you to purchase all insurance policies from a designated vendor and on the terms and according to the specifications we approve, including but not limited to general liability, professional liability, sexual abuse and molestation, cyber-liability, motor vehicle liability, property, worker's compensation, and employment practices liability policies. Other than employment practices coverage, the policies must be

occurrence policies, and not claims-made policies. All policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

The types of coverage and minimum coverage limits we specify are for our benefit and are not intended to be relied upon by you as a recommendation as to the types of coverage and coverage limits which are or might be appropriate for your particular Studio. Additional types of coverage and higher coverage limits might be appropriate based upon, for example, the location of your Studio, and we recommend that you consult with your insurance advisor regarding the appropriate types of coverage and coverage limits sufficient to protect your Studio.

Before you open your Studio, and then routinely or at our request, you must provide us or our designee with copies of your certificates of insurance, insurance policy endorsements, or other evidence that you are maintaining our requiring insurance coverages and paying premiums. The certificates must show the minimum limits of coverage required by us and must provide that the insurance cannot be canceled, terminated, materially amended or modified without providing us and any other additional insureds 30 days' advanced written notice. Each insurance policy for your Studio must designate as additional insured parties us and any affiliates we may periodically designate.

Purchase Arrangements

We have negotiated purchase arrangements with certain designated suppliers for the benefit of the Franchise System. We or our affiliates may derive revenue or profit from your dealings with such designated suppliers in the form of rebates, cash payments, discounts, promotional allowances, and/or other payments. We have these types of arrangements only with the designated suppliers disclosed in this Item 8. We also derive revenue on direct purchases that you make from us or from our affiliates. We retain all of the rebates, commissions or other consideration we are paid, and have the right to use these amounts without restriction (unless we or our affiliates agree otherwise with the supplier) for any purpose we or our affiliates deem appropriate. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

Revenue from Third-Party Suppliers Based on Franchisee Purchases

The third-party designated suppliers from whom we receive rebates, cash payments, discounts, or other consideration as a result of your purchase of certain equipment, supplies, products and services are listed below.

Insurance. You must purchase insurance from our designated supplier which represents various insurance carriers. We receive 10% of the total commissions that this designated supplier receives from the insurance carriers from whom they obtain your required insurance coverage. In the fiscal year ended December 31, 2023, we received payments of $19,407.53 from this designated supplier, all of which we contributed toward expenses associated with our annual franchisee meeting.

Additionally, certain other vendors may contribute directly toward expenses associated with our annual franchisee conference; however, such contributions would not be part of our total revenues.

Revenue We or Our Affiliates Receive from Franchisee Purchases

We or our affiliates may derive revenue based on your purchases, including: (i) from charging you for products and services we or our affiliates provide to you, and (ii) from payments made to us or our affiliates by suppliers that we designate or approve for our franchisees. In the fiscal year ended December 31, 2023, we or our affiliates derived revenue from required purchases by franchisees as follows:

Technology Fees. We received revenues of $1,593,358 from our franchisees' use of required software programs and websites, which was 6.4% of our total revenues of $24,738,487. You must pay us a set-up fee and a monthly fee to use the required point-of-sale and other management information software programs required to operate your Studio. The monthly fee is included in the technology fee payable to us. A portion of the monthly technology fee is remitted to the licensors of the software programs and we retain a portion of the monthly fee.

Equipment and Products: Our affiliate, WAVE, received $1,233,975 from franchisee purchases of equipment and products.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	2.A., 2.B., 2.C. Area Development Agreement – 2.B	5, 7, 8, 11, 12
b.	Pre-opening purchase/leases	2.B., 2.D., 2.E., 2.F., 2.H., 3.C., 4.A., 8.A., 9.A.	5, 7, 8, 11
c.	Site development and other pre-opening requirements	2.D., 2.E., 2.F., 2.H. Area Development Agreement – 2.B	5, 7, 8, 11
d.	Initial and ongoing training	2.H., 4.A., 4.B., 4.C., 4.D., 4.E., 4.F., 4.G. 4.H., 4.I., 4.J.8.A., 8.H., 9.A., 12.C., 14.B.	6, 7, 11
e.	Opening	2.H., 9.A. Area Development Agreement – 1.B, 2.D	5, 7, 11
f.	Fees	2.A., 2.B., 2.C., 2.D., 3.A., 3.B., 3.C., 3.D., 3.E., 3.G., 4.A., 4.B., 4.C., 4.D., 4.E., 4.F., 4.H., 4.I., 4.J., 8.E., 8.M., 8.N., 9.A., 9.B., 9.D., 9.E., 9.F., 11.A., 12.C., 12.D., 12.F., 13.A., 14.C., 15.B., 15.E., 16.D., 17.D., 17.F., 17.M. Area Development Agreement – 1.B., 3, 6.B., 9.G.	5, 6, 7, 8, 11
g.	Compliance with standards and policies/Operating Manual	2.D., 4.A., 4.K., 5.B., 8.A., 8.B., 8.F., 8.H., 8.I., 8.L, 9.F., 10, 17.K., 19	1, 8, 11, 13, 14, 15, 16
h.	Trademarks and proprietary information	1.C., 5.A., 5.B., 5.C., 5.D., 5.E., 7.A., 8.A., 9.F., 14.B., 15.C. Area Development Agreement – 4	8, 11, 13, 14, 16
i.	Restrictions on products/services offered	2.C., 7.A., 8.A., 8.B., 8.D., 8.E., 8.K., 8.L., 8.N., 9.G.	8, 11, 16

Obligation		Section in Franchise Agreement	Disclosure Document Item
j.	Warranty and customer service requirements	4.D., 8.A., 8.F. 8.L., 11.A.	11, 16
k.	Territorial development and sales quotas	1.C., 1.D. Area Development Agreement – 2.C, 2.D	12
l.	Ongoing product/service purchases	4.A., 4.C., 8.A., 8.B., 8.C., 8.D., 8.E., 8.J., 8.M., 8.N., 9.B., 9.D., 9.E.	6, 8, 11
m.	Maintenance, appearance and remodeling requirements	2.E., 2.H., 4.C., 8.A., 8.B., 8.C., 8.O., 8.P., 12.C., 13.A., 13.B.	8, 11, 17
n.	Insurance	2.H., 8.I., 8.J.	6, 7, 8
o.	Advertising	5.B., 8.A., 8.C., 8.F., 8.K., 8.O., 8.P., 9.A., 9.B., 9.C., 9.D., 9.E., 9.F, 9.G., 10.B., 16.A.	6, 8, 11
p.	Indemnification	5.E., 16.D. Area Development Agreement – 8.B	6
q.	Owner's participation/management/staffing	1.A., 1.B., 2.A., 2.H., 4.A., 8.A., 8.H., 8.I., 9.A., 9.B., 12.F., 14.C. Area Development Agreement – 1.D	15
r.	Records and reports	3.G., 4.C., 6.A., 8.A., 8.F., 10, 11.A., 11.B., 12.C., 14.B., 19 Area Development Agreement – 2.E	N/A
s.	Inspections and audits	4.C., 8.B., 8.G., 11.A., 11.B.	6
t.	Transfer	12 Area Development Agreement – 6	6, 17
u.	Renewal	13.A., 13.B.	6, 17
v.	Post-termination obligations	6.A., 6.B., 15.A., 15.B., 15.C., 15.D., 15.E., 15.F., 15.G., 15.H., 15.I. Area Development Agreement – 7.B, 7.C	6, 17
w.	Non-competition covenants	7.A., 15.F., 17.B. Area Development Agreement – 5, 7.C	17
x.	Dispute resolution	17.F., 17.G., 17.H., 17.I., 17.J., 17.L. Area Development Agreement – 9	17
y.	Other: Licenses	2.H., 8.F., 8.I.	1, 7

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.

Before you open your Studio, we or our designee will:

1. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease. (Sections 2.A. and 2.B. of Franchise Agreement);

2. If you have signed an Area Development Agreement, we will review sites you propose for a Studio and, if approved, issue you a Franchise Agreement. We are obligated to use reasonable efforts to provide you with our decision within 30 days of our receipt of all requested information and materials regarding the proposed site. (Section 2.B. of Area Development Agreement);

3. Give you mandatory and suggested specifications for the development of your Studio, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Section 2.D. of Franchise Agreement);

4. Provide you access to our Operations Manual. (Section 4.K. of the Franchise Agreement);

5. Provide the Training Program to you (or your "Operating Partner," if you operate as a legal business entity and as such term is defined in Item 15) and your Designated Manager (as defined in Item 15), if any. (Section 4.A. of Franchise Agreement); and

6. Provide you with a list of Operating Assets. (Section 2.E. of Franchise Agreement).

Post-Opening Obligations

During the operation of your Studio, we or our designee:

1. May provide general guidance to you from time to time regarding your Studio's operation, as we deem appropriate, based on your reports or our inspections. (Section 4.I. of Franchise Agreement); and

2. Will administer the Brand Marketing Fund and, at your request, provide an annual unaudited statement of contributions and disbursements for the Brand Marketing Fund within 120 days after the end of the previous fiscal year. (Section 9.D. of Franchise Agreement).

During the operation of your Studio, we may, but are not obligated to, provide assistance in setting a maximum or minimum price that you may advertise for products and services offered by your Studio. (Section 8.K. of Franchise Agreement)

Site Selection and Construction

You must identify and secure a site for your Studio's Premises within a non-exclusive Search Territory (as defined in Item 12) specified in your Franchise Agreement. We do not typically own the Premises for your Studio or lease it to you. If you have signed an Area Development Agreement, you must find all sites for your Studios in your Development Area, and our then-current site criteria will apply when considering each proposed site in your Development Area. When you identify a proposed site, you must submit to us a complete report containing the documents and information we require, including a description of the site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. Our review and approval is conditioned on a variety of factors, including the site's demographics, location, and proximity to other businesses, the character of the neighborhood, the size and appearance of the premises to be leased, and other characteristics and criteria that may change. We will use reasonable efforts to accept or not accept the proposed site within 30 days after receiving your report. You must open your Studio within six months after you sign the Franchise Agreement or we may terminate the Franchise Agreement.

Before signing any lease, sublease, or other document for the Premises (the "Lease"), you must obtain our written approval. The Lease must contain certain provisions we require, pursuant to the form of Lease Rider

attached as Exhibit F to the Franchise Agreement. It is your sole responsibility to obtain a fully executed Lease Rider when executing your Lease. You must furnish to us a copy of the executed Lease within 10 days after its execution.

You must develop, construct and decorate the Premises at your own expense according to plans and specifications approved by us and in accordance with the requirements of the Lease and applicable law.

It is your responsibility to ensure all required construction plans and specifications comply with the Americans with Disabilities Act ("ADA") and all other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions, and that the Premises complies with such laws and regulations

We will give you (or if we have designated an approved supplier to develop design specification for your Studio, we will give that approved supplier) mandatory and suggested specifications for the development of your Studio, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. Throughout the development and construction of the Premises, we will review your plans and specifications for compliance with our design requirements. We may additionally advise you from time to time regarding the construction bidding process and other aspects of developing and constructing the Premises. You must send us any revisions of plans or specifications before such revisions are implemented. You must obtain and install the Operating Assets that we approve or designate for Studios only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

Opening Your Studio

You may not open your Studio for business without our written authorization, which will be conditioned upon the following: (i) we notify you in writing that your Studio meets our standards and specifications; (ii) you (or your Operating Partner) and any manager or assistant manager we require have satisfactorily completed the Training Program (as defined below); (iii) you satisfactorily complete the Pre-Opening Activities (described below); (iv) you have paid us all initial fees and other amounts you owe us; (v) you have provided us certificates for all required insurance policies; (vi) you obtain all required supplies and opening inventory for your Studio; (vii) you have obtained waivers of all construction liens and similar encumbrances; (viii) you hire the equivalent of at least five full-time massage therapists; (ix) you submit a completed trade area survey and a proposed advertising and marketing plan for approval (as further described below); (x) you meet all regulatory and licensing requirements to operate your Studio; and (xi) you are otherwise in compliance with the terms of your Franchise Agreement.

Prior to opening your Studio, we may send an operations team (which may be comprised of only one person) for a minimum of three days and up to a maximum of six days (which may not be consecutive) to your Studio to assist you with final suggestions on your Studio and provide on-site advice, guidance, and initial operations support, as we determine.

As described below, if you are acquiring an existing Studio, we will instead provide certain virtual advice, guidance, and initial operations support.

We estimate that it will be approximately five to six months from the time you sign the Franchise Agreement to the time your Studio begins operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Studio and other factors, such as delays or difficulties in obtaining financing, building permits, zoning and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs. You must open your Studio within six months after signing the Franchise Agreement or we may terminate the Franchise Agreement,

but we agree that we will not terminate the Franchise Agreement if: (A) you are making Reasonable Efforts (as defined below) to open the Studio; and (B) we mutually agree to amend the Studio's opening deadline in good faith. The following activities will constitute "Reasonable Efforts": (i) if you are actively engaged with a real estate broker and are actively looking at real estate site locations for your Studio within 15 business days prior to your Studio's opening deadline; (ii) if you signed a letter of intent or are actively engaged in lease negotiations regarding a lease for your Studio; or (iii) if you are actively participating in bi-weekly real estate calls with a member of our real estate team.

Advertising and Marketing

Grand Opening Spend Requirement, Pre-Opening Activities, and Re-Opening Activities. No later than 10 days after the date that you sign an approved Lease for your Premises (or 10 days after the date you take possession of an existing Studio), you must pay to us a Grand Opening Spend Requirement of $20,000 by ACH. The Grand Opening Spend Requirement is in addition to your Local Marketing Spend Requirement. We will use the Grand Opening Spend Requirement to advertise, market, and promote your Studio using any suppliers we may designate in accordance with a marketing and recruiting plan that we determine, which may include pre-opening membership sales, recruitment of service providers, and related local promotional campaigns.

Notwithstanding our collection of the Grand Opening Spend Requirement, you and your Designated Manager (as applicable) are required to satisfactorily complete the following marketing and promotional activities prior to the opening of your Studio (the "Pre-Opening Activities"), or alternatively, after you take possession of an existing Studio (the "Re-Opening Activities," as applicable):

(1) Participate in no fewer than 10 approved advertising, marketing and promotional events within an area reasonably surrounding your Studio prior to the Studio's opening, or alternatively, a mutually determined number of such events with respect to Re-Opening Activities;

(2) Actively cooperate with us and any of our designated suppliers in selling memberships and scheduling services to be performed at the Studio in accordance with approved marketing and promotional offers for Pre-Opening Activities and Re-Opening Activities. As part of the Pre-Opening Activities, the parties will mutually identify membership sales targets which you must achieve before your Studio will be permitted to open. With respect to Re-Opening Activities, the parties may mutually identify an alternative date for such targets to be achieved;

(3) Complete the Sales Training Series described below;

(4) Attend all on-site training programs required by us, including but not limited to the on-site training programs described below; and

(5) Participate in all calls or meetings we specify concerning the Pre-Opening Activities and Re-Opening Activities (as applicable).

Local Marketing Spend Requirement. You must pay us, or a third-party vendor we designate, a minimum Local Advertising Fee each month, which is currently $2,000 per month. We or a designated third-party vendor will use the Local Advertising Fee toward paid digital advertising programs (and any evolutions or "next generations" thereof) for your Studio within an area reasonably surrounding your Studio, which may include but not be limited to social media advertising and search engine marketing. We may periodically increase or otherwise modify the amount of your Local Advertising Fee or its accompanying digital

advertising programs and resources upon 30 days' written notice to you. We currently collect the Local Advertising Fee by ACH on the 15th day of each month for the preceding month. We may change the day of the month on which we collect the Local Advertising Fee. If we designate a third-party vendor to administer the paid digital advertising programs described above, you may be required to sign a participation agreement or similar document with such third-party vendor which will include payment terms regarding the Local Advertising Fee.

In addition, you must spend a minimum of 2% of your Studio's Gross Receipts each month toward approved advertising, marketing and promotional programs for your Studio within an area reasonably surrounding your Studio (the "Local Spend Amount"). We may periodically increase the amount of your Local Spend Amount upon 30 days' written notice to you. We refer to the Local Advertising Fee and your Local Spend Amount together as the "Local Marketing Spend Requirement." Your Local Marketing Spend Requirement excludes any contributions you make to the Brand Marketing Fund (as defined below), but any contributions you make to a Marketing Cooperative (as defined below) will count toward your Local Spend Amount. Your required Marketing Cooperative contributions could, by themselves, exceed the Local Spend Amount.

For at least six months after your Studio opens, or after you take possession of an existing Studio, you must participate in a minimum of one approved advertising, marketing and promotional event per month within an area reasonably surrounding your Studio.

We or our affiliates may be a supplier of local advertising, marketing and promotional programs for your Studio.

You must submit to us, within 10 days following our request, an advertising and marketing plan for approval which describes your plan for the first three months after opening your Studio or purchasing an existing Studio. In addition, during the term of your Franchise Agreement, you must prepare and execute an advertising and marketing plan that you must provide to us within 30 days of our request. You must also provide to us within 30 days of our request reasonable and obtainable information about the results achieved from implementing your advertising and marketing plan and meeting your Local Marketing Spend Requirement. Lastly, you must participate in all calls or meetings we specify concerning your Local Marketing Spend Requirement, including but not limited to any calls or meetings specified by us during the first 90 days following your Studio's opening date or after you take possession of an existing Studio.

Advertising Standards. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading. You must conform to the highest standards of ethical advertising, our System Standards, and any advertising and marketing policies that we prescribe from time to time in advertising and promoting your Studio. You may not use any advertising, promotional, or marketing materials that we have not approved or which we have previously disapproved. If you wish to use any advertising, promotional, or marketing materials that we have not previously approved, you must send us samples of all materials at least 14 days before you intend to use them. If we do not approve of the materials within seven days of our receipt of such materials, then they shall automatically be deemed disapproved. You must participate in and market any promotion we require. You may not prepare any translation or transliteration of any promotional materials that we have provided to you, and you may not make any changes to any depiction or use of any Marks in or on such promotional materials (other than minor changes to the size or placement or the like that are otherwise consistent with our standards and specifications related to advertising, marketing, and trademark use).

Additional Marketing Programs. You must at all times cooperate with us and other franchisees of ours and must actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away

promotions and cross-brand promotional programs with our affiliated brands) which may be developed or implemented by us. Participation may include, without limitation, purchasing (at your expense) and using: (a) point of sale materials, (b) counter cards, displays, and give-away items promoting loyalty programs, prize promotions, and other marketing campaigns and programs, and (c) equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

Subject to applicable law and as further described in Item 16, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Studio.

Brand Marketing Fund. We have established an advertising and marketing fund (the "Brand Marketing Fund") for the marketing, recruiting, advertising, and promotional programs and materials we deem appropriate. You must make periodic contributions to the Brand Marketing Fund equal to 2% of the Gross Receipts of your Studio. We may increase the amount you are required to contribute to the Brand Marketing Fund upon 30 days' written notice, but you will not be required to contribute more than 4% of the Gross Receipts of your Studio. As of the issuance date of this Disclosure Document, other franchisees may be contributing to the Brand Marketing Fund on different terms. If we or our affiliates own any Studios, those Studios make contributions to the Brand Marketing Fund on the same basis as you and our other franchisees. Your required contributions to the Brand Marketing Fund shall be payable at the same time as the payment of the Royalty, based on Gross Receipts for the immediately preceding reporting period and are in addition to amounts you are required to spend for your Local Marketing Spend Requirement. We have the right to collect for deposit into the Brand Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers to the Franchise System who instruct us to use the allowances for advertising or marketing purposes. We may incorporate the Brand Marketing Fund or operate it through a separate entity as we deem appropriate. We have no fiduciary obligations to you in connection with our administration of the Brand Marketing Fund. We do not use any of the funds contributed to the Brand Marketing Fund principally to solicit new franchise sales.

We designate all programs to be financed by the Brand Marketing Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their geographic, market, and media placement and allocation. The Brand Marketing Fund may be used for any purpose to promote the Franchise System, the Marks, the patronage of Studios and the Elements Massage brand, including the costs of: (1) preparing and producing video, audio, and written materials (including marketing and promotional materials and local studio marketing advertisements we prepare) and electronic media; (2) administering national, regional, multi-regional, international, and local marketing, recruiting, advertising, and promotional programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; (3) supporting public relations, market research, and other marketing, recruiting, advertising, and promotional activities; (4) developing and maintaining website(s) for the Franchise System; (5) administering online marketing, recruiting, advertising, and promotional campaigns (including search engine, social media, email, and display ad campaigns); and (6) developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices.

We determine the use of the funds contributed to the Brand Marketing Fund, including allocating a portion of any Brand Marketing Fund contributions to any national, regional, multi-regional, international, or local marketing, recruiting, advertising, and promotional programs we may establish in the future. We are not required to spend any particular amount on marketing, recruiting, advertising or promotion in the area in which your Studio will be located. In addition, we are not required to ensure that Brand Marketing Fund expenditures for or affecting any geographic area be proportionate or equivalent to Brand Marketing Fund contributions by Studios operating in that area, or that any Studio benefits from the development or placement of marketing, recruiting, advertising, or promotional materials directly or in proportion to its

Brand Marketing Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Marketing Fund. Except as specifically provided in your Franchise Agreement, we assume no other direct or indirect liability or obligation to you for collecting amounts due, or maintaining, directing, or administering the Brand Marketing Fund.

The Brand Marketing Fund is accounted for separately from our other funds and we do not use the Brand Marketing 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 Marketing Fund and its programs, including conducting market research, preparing marketing, recruiting, advertising, and promotional materials, and collecting and accounting for Brand Marketing Fund contributions. The Brand Marketing Fund may spend in any fiscal year more or less than the total Brand Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we terminate the Brand Marketing Fund, we will spend all unspent amounts on marketing activities specified by the Franchise Agreement.

We are not required to audit the Brand Marketing Fund, but we will prepare an annual unaudited statement of monies collected and costs incurred by the Brand Marketing Fund and furnish the previous fiscal year's statement to you upon written request, within 120 days after the end of our previous fiscal year.

In the fiscal year ended December 31, 2023, contributions to the Brand Marketing Fund were spent as follows: 4.9% for production; 57.0% for media placement; 21.5% for administrative expenses; and 16.6% on other expenses (consisting of 1.4% for costs and fees related to a national gift card program; and 15.2% for massage therapist recruitment and other miscellaneous expenses).

Marketing Cooperatives. We may, but are not obligated, to designate any geographic area in which three or more Studios are located as an area in which to establish a marketing cooperative ("Marketing Cooperative"). The Marketing Cooperative's members will include all Studios operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Studio. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may designate, approve or develop standards and specifications for Marketing Cooperative suppliers. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. Existing Marketing Cooperatives typically charge between $500 and $1,500 per month per Studio; however, your contribution levels may differ. All Marketing Cooperatives will be governed by written documentation we designate or approve and such documentation is available for Marketing Cooperative member review. We may form, modify, change, dissolve, or merge Marketing Cooperatives. We will not use funds contributed to a Marketing Cooperative to solicit new franchise sales.

As of the issuance date of this Disclosure Document, there are three Marketing Cooperatives in existence.

Franchise System Website. We may establish, acquire, or host any website(s) for recruitment purposes or to advertise, market, and promote Studios, the products and services that they offer and sell, and/or a Studio franchise opportunity (a "Franchise System Website"). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Studio. If we provide you with a webpage on a Franchise System Website, you must: (1) provide us the information and materials we request to develop, update, and modify your webpage; (2) notify us whenever any information on your webpage is not accurate; and (3) obtain our prior approval for any proposed changes to the content or coding of your webpage (if we choose to grant you any abilities to modify your webpage). We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated email address, any website analytical data, and any

personal or business data that visitors supply). If we provide you with a webpage on a Franchise System Website, we reserve the right to charge you a fee for such webpage as part of the Technology Fee. We periodically may update and modify any Franchise System Website (including your webpage).

Even if we provide you a webpage on a Franchise System Website, we will only maintain this webpage while you are in full compliance with your Franchise Agreement and all System Standards we implement (including those relating to Franchise System Websites). If you are in default of any obligation under your Franchise Agreement or our System Standards, then we may temporarily remove your webpage from any Franchise System Website (or all Franchise System Websites) until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon the Franchise Agreement's expiration or termination.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions, which may include additional monthly fees.

Except as provided above, or as approved by us in writing or in the Operations Manual, you may not develop, maintain or authorize any Online Presence (as defined in Item 13) that mentions your Studio, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of your Studio, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We may require you to delete any content from any Online Presence that we deem likely to substantively and adversely impact the substance or protectability of the Marks or any other intellectual property contemplated in this Agreement or the goodwill, prestige, reputation, or value of Marks or such intellectual property, and if such content cannot be deleted, you will cooperate with us to actively, diligently, and meaningfully mitigate the impact of such content on the Marks or other intellectual property. We will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

Franchisee Advertising Councils. We may, in our discretion, elect to form an advertising council for the benefit of the Franchise System. As of the date of this Disclosure Document, there is no advertising council in effect for the Franchise System.

Computer System

You agree to purchase and use the computer hardware, sales and scheduling software, point-of-sale system, other operating software, applications, platforms and existing or future technology components we specify from time to time (the "Computer System"). We may replace or modify all or components of the Computer System from time to time and you agree to implement our replacements or modifications after you receive notice from us at your expense. We might periodically require you to purchase, lease, and/or license new or modified components of the Computer System and to obtain service and support for the Computer System. You must obtain and install the Computer System, and ensure that the Computer System is functioning properly before your Studio opens. During your Franchise Agreement's term, you must pay for any proprietary software, applications or other technology that we, our affiliates or third-party designees license to you and for other maintenance and support services that we, our affiliates or third-party designees provide. You may be required to sign a license agreement or similar document as a condition of licensing certain proprietary software, applications, or other technology that we or our affiliates designate, develop

or maintain and these license agreements may further regulate your use of such software, applications or other technology while establishing each parties' rights and responsibilities.

The Computer System must give us and our affiliates access to all information generated by the Computer System, including pricing and client information for your Studio. At our request, you agree to sign a release with any vendor of your Computer System providing us with unlimited access to your data. You are solely responsible for acquiring, operating, maintaining and upgrading: (1) the Computer System; (2) the connectivity of your Computer System (including the point-of-sale system); and (3) third-party interfaces between the Computer System and our and any third party's computer system. You are solely responsible for any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You also are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks.

We cannot estimate the future costs of the Computer System (or replacements or modifications) and the cost to you of obtaining the Computer System (including software licenses) or replacements or modification may not be fully amortizable over the remaining term of your Franchise Agreement. Nonetheless, you must incur such costs.

The minimum computer hardware requirements are specified in the Operations Manual or otherwise in writing by us. We typically require you to have several computer workstations and tablets which are capable of operating the point-of-sale system and other software we specify. We also require you to have certain peripherals, such as printers and scanners. We estimate that the cost to purchase the minimum Computer System from our designated vendors will be approximately $26,000 to $31,000.

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

We require you to use the designated software programs described in the Operations Manual or otherwise in writing by us. Additionally, before you open your Studio, you must pay us a $499 set-up fee to configure the required software programs and a $75 fee for gift card program set-up. You must also pay us a monthly Technology Fee (currently, $700 per month) starting two months prior to the opening of your Studio. (See Item 6).

Operations Manual

After you sign the Franchise Agreement, we will provide you one copy of our manual for the operation of Studios, which may include one or more separate manuals, as well as information available on an internet site, other electronic media, bulletins and/or other written materials (collectively, the "Operations Manual"). The Operations Manual contains the System Standards, other specifications, standards and procedures that we suggest, and information on your other obligations under your Franchise Agreement. We may modify the Operations Manual at any time. We may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. If we do so, you will monitor and access the website or extranet for any updates to the Operations Manual.

We consider the contents of the Operations Manual to be proprietary, and you must treat them as confidential. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual and you may not disclose the Operations Manual to any person other than any employee of yours who needs to know its contents. You must keep your copy of the Operations Manual current and in a secure location at your Studio.

A copy of the table of contents of the Operations Manual is attached as Exhibit I to this Disclosure Document. The Operations Manual consists of 66 pages.

Training

Training Program. Before you open your Studio (or before you take possession of an existing Studio), you (or your Operating Partner) and your Designated Manager must attend and satisfactorily complete our initial training program (the "Training Program"). You (or your Operating Partner) and your Designated Manager may attend the Training Program without charge. We reserve the right to later require Designated Managers to complete the manager training program described below instead of completing the Training Program.

Training Program participants must complete the Training Program to our satisfaction no later than 10 weeks before the Opening Date. If you are acquiring an existing Studio, you must satisfactorily complete the first available Training Program offered by us after you sign your Franchise Agreement, but this requirement will not apply if you (or your Operating Partner) currently own and operate another Studio and previously completed the Training Program within the past five years.

You may invite additional employees to attend the Training Program if space allows, though we reserve the right to charge you our then-current training fee for each additional individual (currently, $500 per attendee, plus costs). We reserve the right to limit the number of additional attendees for the Training Program. We reserve the right to require any other personnel from your Studio to attend the Training Program. We will provide the Training Program at the times and locations we determine. We reserve the right to vary the Training Program based on the experience and skill level of the individual(s) attending.

You may also request that we provide any portion of the Training Program on-site at your Studio, and we will determine whether to provide such portion of the Training Program on-site. If we provide any portion of the Training Program on-site at your Studio, we reserve the right to charge our then-current training fee (including our trainers' travel and living expenses as further described below).

If we provide any portion of the Training Program more than one time, we may charge you our then-current training fee for any training that we have previously provided to at least one trainee associated with you. We may also elect not to provide any portion of the Training Program more than once.

If you (or your Operating Partner), your Designated Manager (if applicable), or any other personnel required by us, fail to satisfactorily complete the Training Program, then we reserve the right to require such individual to attend remedial training and you may be required to pay us our then-current training fee for such remedial training (currently, $500 per attendee, plus costs). Remedial training will be provided at a time and location of our choice. If you (or your Operating Partner), or any manager and/or assistant manager required by us (including any applicable Designated Manager), are unable to satisfactorily complete the remedial training, we reserve the right to terminate your Franchise Agreement.

If you appoint a new Operating Partner or Designated Manager, he or she may be required to attend our then-current Training Program within 90 days of the appointment date and you may be required to pay us our then-current training fee (currently, $500 per attendee, plus costs), unless we determine that you are sufficiently trained to provide a comparable substitute training program to such new Operating Partner or Designated Manager. If we permit you to train any Operating Partner or Designated Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Operating Partner or Designated Manager has been trained to our satisfaction prior to providing any services at your Studio. If we determine that any Operating Partner or Designated Manager that you trained is not sufficiently trained to provide services at your Studio, we may require such person

attend our Training Program and you may be required to pay us our then-current training program fee. If we determine that you are (or your Operating Partner is) sufficiently trained to provide a comparable substitute training program to any Designated Manager, we may elect not to make the Training Program available to such person until the next time our Training Program would otherwise be offered.

We expect to provide the Training Program both virtually and at a certified Franchisee Training Studio or another location that we designate, such as our Support Center in Colorado.

You may be required to complete the Training Program, in whole or in part, and receive massage services at another Elements Massage® studio.

The materials used in the Training Program include the Operations Manual as well as other presentation materials, including PowerPoint presentations.

The following individuals may assist with the Training Program:

- Cameron Barbich, who is our Marketing Manager - New Studio Openings, and who has more than 6 years of experience in the subjects taught and more than two years of experience with us or our affiliates.

- Alex Craven, who is our Director of New Studio Openings and who has more than 17 years of experience in the subjects taught and more than three years of experience with us or our affiliates.

- Staci Reed, who is our Senior Manager of Operations - New Studio Openings, and who has more than 21 years of experience in the subjects taught and more than two years of experience with us or our affiliates.

- Mariah Racer, who is our Manager of Training and Education - New Studio Openings, and who has more than seven years of experience in the subjects taught and more than three years of experience with us or our affiliates.

- Melissa Tuanaki, who is our Director of Talent Acquisition, and who has more than 11 years of experience in the subjects taught and more than three years of experience with us or our affiliates.

- Amanda Farrell, who is our Senior Manager of Operations – New Studio Openings, and who has more than five years of experience in the subjects taught and more than one year of experience with us or our affiliates.

- Melissa Costillo, who is our Senior Manager of Operations – New Studio Openings, and who has more than five years of experience in the subjects taught and more than one year of experience with us or our affiliates.

- Melissa Perez, who is our Specialist, and who has more than 10 years of experience in the subjects taught and more than four years of experience with us or our affiliates.

- Joanna Hagan, who is our Senior Manager of Marketing – New Studio Openings & Transfers, and who has more than 16 years of experience in the subjects taught and more than four years of experience with us or our affiliates.

- Tiffany White, who is our Senior Manager of Operations – New Studio Openings, and who has more than 12 years of experience in the subjects taught and more than one year of experience with us or our affiliates.

- Brendan Stapleton, who is our Director of Operations, and who has more than 17 years of experience in the subjects taught and more than two years of experience with us or our affiliates.

- James Re, who is our Senior Manager of Franchise Operations and who has more than 11 years of experience in the subjects taught and two years of experience with us or our affiliates.

The following is a summary of our Training Program:

TRAINING PROGRAM

Subject	Hours of Classroom/Home Study Training	Hours of On-The-Job Training	Location
Home Study / Virtual			
Program Introduction and Brand Basics	13.0	0	Home Study / Virtual
Understanding Key Business Drivers	0.5	0	Home Study / Virtual
Introduction to Recruiting	3.0	0	Home Study / Virtual
Driving Membership	0.5	0	Home Study / Virtual
Team Retention / Culture	0.5	0	Home Study / Virtual
Operational Best Practices	1.25	0	Home Study / Virtual
Member Retention	0.5	0	Home Study / Virtual
Hosting Team Meetings	0.5	0	Home Study / Virtual
Time Management to Drive Results	0.5	0	Home Study / Virtual
Virtually-Facilitated Training Sessions			
Introduction	1.25	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Recruiting	3.0	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Onboarding	2.0	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Marketing: Pre-Opening	1.25	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate

Subject	Hours of Classroom/Home Study Training	Hours of On-The-Job Training	Location
Marketing: Local Studio Marketing	1.25	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Driving Membership	2.0	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Key Performance Indicators / Benchmarking	1.0	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Strategic Scheduling	1.0	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Culture	2.0	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Immersion Prep	0.75	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
Point of Sale	2.5	0	Virtual, Franchisee Training Studio, Colorado Support Center, or Another Location We Designate
In-Studio Immersion			
In-Studio Immersion, inclusive of: • Receiving a service • Observing and Working at the Front Desk • Checking In & Out • Service Path Implementation • Service Recovery • Lead Management Practices • Inventory Management Practices • Maintenance, Cleaning, Sanitation	0.0	24.0	Franchisee Training Studio or Another Location We Designate

Subject	Hours of Classroom/Home Study Training	Hours of On-The-Job Training	Location
Total Hours	**38.25**	**24.0**	

Sales Training Series. You, your Designated Manager (as applicable), and your front desk personnel will be required to participate in a sales training series comprised of four calls, each expected to take an hour, conducted virtually prior to and following your Studio's opening date or after you take possession of an existing Studio (the "Sales Training Series"). We will provide the Sales Training Series at the times and locations we determine. We reserve the right to vary the Sales Training Series based on the experience and skill level of the individual(s) attending and whether you are instead acquiring an existing Studio.

Personnel Training. Except as otherwise set forth herein, you are responsible for providing a training program concerning the operation of your Studio in accordance with our System Standards for all your employees other than the attendees of the Training Program. All employees must pass the program, to your satisfaction, prior to providing services at your Studio. We reserve the right to approve the length and content of all training programs you provide to your employees and to require specific mandatory training programs for certain job positions to ensure compliance with our System Standards, including but not limited to mandatory training programs for your massage therapists.

We may periodically modify our System Standards related to Studio positions within the Franchise System, including mandatory training programs and criteria for "master" or "elite" massage therapists.

Annual Conferences & Regional Meetings; Other Training Courses, Program, and Events. You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You will be required to pay our then-current registration fee (currently, $500 per attendee, plus costs), which we reserve the right to collect via ACH for at least one attendee on behalf of your Studio no later than 60 days prior to the scheduled annual conference unless you obtain a written attendance waiver from us. If you do not attend, we may charge you a default fee (see Item 6) for failing to attend.

We may additionally require you (or your Operating Partner) to attend regional meetings for franchise owners. These annual conferences and regional meetings will be held when we determine at locations we designate.

We may require you and/or certain other employees of your Studio (including any applicable Designated Manager) to attend or otherwise complete various in-person or electronic training courses, trade shows, ongoing education or certification programs, franchisor-sponsored performance groups, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. You may be required to pay fees to third-parties or pay us our then-current training fee for such courses and programs.

Manager Training Program. Before or after your open your Studio for business, we may offer you (or your Operating Partner) and any applicable Designated Manager, based on the factors that we determine, the opportunity to attend a manager training program. If we offer such training and you elect to attend such training, you may be required to pay us our then-current training fee (currently, $500 per day per attendee, plus costs).

We do not currently require attendance and completion of this manager training program, but we may do so in the future.

On-Site Assistance for Existing Studios Following Transfer. If you are acquiring an existing Studio, we will provide certain virtual advice, guidance, and initial operations support.

We may, but are not obligated to, send a training team we determine (which may be comprised of only one person) to your Studio for up to three days (which may not be consecutive) based on factors we determine. If we choose to provide such a training team, you may be required to temporarily close the Studio to facilitate such on-site training. If we do not choose to provide such a training team or if you would like additional on-site support, you may request such additional or special support for our then-current training fee as further described below.

General Guidance; Additional or Special Training. We may periodically advise you regarding your Studio's operation based on your reports or our inspections. We may guide you, in the form of our Operations Manual, with respect to: (1) standards, specifications, and operating procedures and methods that Studios use, including, facility appearance, client-service procedures, and quality control; (2) equipment and facility maintenance; (3) inventory management and working with suppliers; (4) advertising, marketing and branding strategies; and (5) administrative, accounting, reporting and record retention. We may also provide guidance virtually or via telephonic conversations and/or consultation at our offices and we may require you to participate in certain calls or meetings we specify.

If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current training fee (currently, $500 per day per attendee or trainer, depending on the training to be provided), including our travel and living expenses. We reserve the right to periodically visit the Premises and evaluate your Studio, including on an unannounced basis.

Travel and Living Expenses. You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Partner) or any employee or manager (including any applicable Designated Manager) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Studio to conduct training, including food, lodging and transportation.

ITEM 12. TERRITORY

Franchise Agreement

You must select the site for your Studio from within the non-exclusive "Search Territory" identified in Exhibit B to your Franchise Agreement. The Search Territory will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area. You have no rights in the Search Territory other than the right to identify a proposed site for your Studio. If you request to amend the Search Territory set forth in your Franchise Agreement, and we agree to such change, we reserve the right to charge you an administrative fee of $1,000 concurrently with executing documentation to implement the amended Search Territory.

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. However, if you remain in compliance with the Franchise Agreement we will not own or operate, or authorize any person or entity to own or operate, Studios in the "Protected Area" identified in Exhibit B of the Franchise Agreement (the "Protected Area"), which we will typically define as a circle with the Studio at its center

and a radius of 1.5 miles unless otherwise specified in Exhibit B of the Franchise Agreement at the time you sign your Franchise Agreement. In some cases (for instance in densely populated urban areas), we may define the boundaries of your Protected Area by political subdivisions, streets, ZIP codes, or other similar designations, and the Protected Area in that case may be the lesser of: (i) a circle with a 1.5-mile radius; or (ii) a circle with a radius reflecting a 50,000 person population density. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, such as: the population in the surrounding area; traffic volume and traffic patterns; proximity to retail centers, residential areas, businesses and other potential customer sources; and other site-specific data we determine. If you are signing a Franchise Agreement in connection with an Area Development Agreement, our then-current criteria will apply when determining the Protected Area under that particular Franchise Agreement.

You cannot relocate your Studio without our prior written approval. You must additionally pay to us a non-refundable relocation fee at the time we approve your request to relocate your Studio and cooperate with us to preserve client goodwill with impacted clients (including by issuing full or partial refunds or otherwise facilitating their migration to nearby Studios which can fulfill services and paying any costs and fees to us associated with such migration). In considering a request to relocate your Studio, we consider factors such as the proposed site's demographics, location, proximity to other businesses, the character of the neighborhood, the size and appearance of the premises to be leased, and other characteristics and criteria that may change. If we grant you the right to relocate your Studio, you must comply with all of the site selection and lease requirements set forth in your Franchise Agreement. All of the costs associated with relocating your Studio will be solely your responsibility.

Other than your rights described above with respect to your Protected Area, we (and our affiliates) retain all rights with respect to the placement of Studios and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities, without compensation to you. These rights include:

1. The right to establish and operate, and allow others to establish and operate, other Studios and other businesses using the Marks or the Franchise System, at any location outside the Protected Area, and on any terms and conditions we approve;

2. the right to establish and operate, and allow others to establish and operate, additional concepts or businesses providing products or services similar to those provided at Studios anywhere in the world, including within your Protected Area, under any trade names, trademarks, service marks and commercial symbols other than the Marks;

3. the right to establish, and allow others to establish, other distribution channels (including, the internet, retail stores, gift cards, or distribution or fulfillment centers) wherever located or operating, including within your Protected Area, regardless of the nature or location of the clients, and regardless of the trade names, trademarks, service marks or commercial symbols used by such business, which may include the Marks and/or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Studios, and which may distribute or sell products and/or services that are identical or similar to, and/or competitive with, those that Studios customarily sell under any terms and conditions we approve;

4. offer and sell (and grant others to offer and sell) goods and services to clients located anywhere, including within your Protected Area;

5. the right to establish and operate, and allow others to establish and operate, other Studios and other businesses using the Marks or the Franchise System, at Captive Market Locations. "Captive Market Locations" are airports or other transportation terminals, sports facilities, parks and

recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Protected Area;

6. the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Studios (including those which would constitute Competitive Businesses, as defined in Item 17), and franchise, license, or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operated (including within your Protected Area);

7. the right to be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Studios, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses;

8. operate or grant any third party the right to operate any Studios that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under the Franchise Agreement or any other franchise agreement; and

9. engage in all other activities not expressly prohibited by your Franchise Agreement.

You may not sell any products or services offered by Studio or using the Marks to customers wholesale or through alternative channels of distribution, including the internet or retail stores. You may not conduct local marketing within another Studio's Protected Area or within a 1.5 mile radius of another Studio, whichever is greater. You must comply with System Standards regarding the transfer and admission of customers' Memberships (see Item 16) to and from other Studios. There are no restrictions in the Franchise Agreement that would prohibit us from implementing additional territorial prohibitions on soliciting customers.

Area Development Agreement

While you are in compliance with the Area Development Agreement and all of your Franchise Agreements, we will not establish or license others to establish new Studios within your Development Area during the term of the Area Development Agreement. You are not required to achieve certain sales volume, market penetration or other contingencies in order to maintain your protection for the Development Area, but your failure to comply with the Development Schedule will be a material breach of the Area Development Agreement, which may result in our terminating the Area Development Agreement, granting similar development or franchise rights to others within the Development Area, reducing the size of the Development Area, or reconfiguring the Development Area, in each case as we determine. For Area Development Agreements with Development Schedules for 10 or more Studios, we may require you to open each Studio on or within less than six months.

The Area Development Agreement grants you the right to acquire franchises to develop, own and operate Studios within the designated "Development Area" that will be described in Exhibit A attached to the Area Development Agreement. The Development Area is separate and distinct from the Protected Area radii for your Studios which will be set forth in their corresponding Franchise Agreements.

The boundaries of the Development Area will be described by map coordinates, city limits, counties, states, or other boundaries when appropriate. We will determine in our discretion the Development Area we will offer to you before you sign the Area Development Agreement. We determine the size of the Development Area based on multiple factors, including demographics, traffic patterns, competition, your capacity to

recruit and provide services in the Development Area, and site availability among other economic and market factors. If you request to amend the Development Area set forth in your Area Development Agreement, and we agree to such amendment, we reserve the right to charge you an administrative fee of $1,000 concurrently with executing documentation to effectuate the amended Development Area.

The Development Area will not include the Protected Area radii for any existing Studios within the Development Area as of the date you sign the Area Development Agreement, regardless of whether we define, describe, or otherwise illustrate such radii in maps attached to your Area Development Agreement. If a third-party's development area is adjacent to your Development Area, the Protected Area radii for the third-party's Studios may extend into your Development Area depending on those Studios' final locations.

As an exception to the above, if multiple maps are attached to your Area Development Agreement, once you develop a specified number of Studios within a specific map, we can establish or license others to establish new Studios within such map but not within the Protected Areas provided in the Franchise Agreements for your Studios.

We and our affiliates retain the right to: (1) establish, operate and allow others to establish and operate, Studios using the Marks and Franchise System, at any location outside the Development Area on terms and conditions we deem appropriate; (2) establish, operate and allow others to establish and operate other therapeutic massage businesses, anywhere in the world, that may offer products and services that may be identical or similar to products and services offered by Studios, but under trade names, trademarks, service marks and commercial symbols other than the Marks; (3) operate or license others to operate Studios that we or our designee acquires from a franchisee as a result of the exercise of our right of first refusal or purchase right as provided in the Franchise Agreement; (4) establish, operate and allow others to establish and operate other businesses and distribution channels (including the Internet, retail stores, gift cards, or distribution or fulfillment centers), wherever located or operating and regardless of the nature or location of the customers with whom these other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Studios, and that sell products or services that are identical or similar to, or competitive with, those that Studios customarily sell; and (5) establish, operate, and allow others to establish and operate businesses using the Marks or any other trade names, trademarks, service marks or commercial symbols at Captive Market Locations (which, under the Area Development Agreement, are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Development Area).

In addition, we specifically retain the right under the Area Development Agreement to: (a) acquire the assets or ownership interests of one or more businesses including Competitive Businesses (as defined in Item 17), and franchise, license, or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within the Development Area or the Protected Areas for any of your Studios); (b) be acquired or become controlled (regardless of the form of transaction), by a business providing products or services similar to those provided at Studios, or by any other business, even if such business operates, franchises and/or licenses Competitive Businesses; and (c) engage in all other activities not expressly prohibited by the Area Development Agreement. With respect to the acquisitions referenced in subsections (a) and (b) above, any Competitive Businesses that are acquired (or that are operated by a company that acquires us) may be converted into Studios that operate under the Marks, regardless of their location, including Competitive Businesses that are located within the Development Area or within the Protected Areas for any of your Studios on the date of the acquisition.

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will not, however, establish or license others to establish new Studios within your Development Area during the term of the Area Development Agreement while you are in compliance with its terms and those within your Franchise Agreements as described above.

You may not engage in any promotional or similar activities, directly or indirectly, through or on the Internet, catalog sales, telemarketing or other direct marketing campaigns, without our consent.

We are not required to pay you if we exercise any of the rights specified above inside or outside your Development Area.

If you request to, and we agree to permit you to, alternatively develop, own, and operate units within our affiliated brands, we: (i) may reduce, modify, or replace the Development Area; and (ii) will require you to pay a supplemental lump-sum fee to satisfy the difference between the fees charged by our affiliated brands and the Development Fee (as described in Item 5) that you paid upon signing the Area Development Agreement, in each case as we determine, within documentation to be signed by the parties. You and your affiliates must be in full compliance with your Area Development Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates) in order for us to consider such a request.

ITEM 13. TRADEMARKS

The Franchise Agreement grants you a non-exclusive license to use the Marks. All of the primary Marks described below are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") and all required affidavits and renewals for the Marks have been filed.

Mark	Registration Number	Registration Date
Elements Massage	5002119	July 19, 2016
Elements Three Tear Drops Design	4622402	October 14, 2014
Elements Massage and Design	4570014	July 15, 2014
Elements Therapeutic Massage and Design	3761266	March 16, 2010
Elements Therapeutic Massage and Design	3407418	April 1, 2008
AromaRitual	5575604	October 2, 2018
HerbalRitual	6373516	June 1, 2021
Elements Three Tear Drops Design	5873503	October 1, 2019
Elements Three Tear Drops Design	3760865	March 16, 2010
The Elements Way	4539460	May 27, 2014
Elements Massage	6134499	August 25, 2020
Elements Three Tear Drops Design	6811806	August 9, 2022

Currently, there are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks. There are currently no effective agreements that significantly limit our right to use, license or sublicense the Marks. Neither we nor our affiliates know of any infringing uses or superior prior rights that could materially affect your use of the Marks.

Your use of the Marks and any goodwill established by that use are solely for our benefit. You have no ownership or other interest in the Marks. You may not at any time contest, or assist any other person in contesting, the validity, ownership, distinctiveness or enforceability of the Marks. You must follow our rules when you use the Marks and the Marks are the only marks you may use to identify your Studio, except that

you agree to identify yourself as its independent owner and operator in the manner we prescribe. You may not use any Mark as part of any corporate or legal business name; with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); in selling any unauthorized services or products; as part of any website, domain name, e-mail address, social media account, other online presence or presence on any electronic medium of any kind (each an "Online Presence"), except in accordance with our guidelines; in advertising the transfer, sale, or other disposition of your Studio or an ownership interest in you without our prior consent; in connection with any tobacco products, pornography or other obscene or profane materials, gambling, firearms, ammunition or materials that depict or glorify violence; or in any other manner that we have not expressly authorized in writing.

You may not take any action that will harm the Franchise System, other Studios or the goodwill associated with the Marks. We and our agents will have the right to enter and inspect your Studio to make sure you are complying with our standards, including but not limited the proper use and display of the Marks.

You must modify or discontinue using any Mark and/or use additional or substitute Marks, at your expense, if we require you to do so. We need not reimburse you for any costs or expenses associated with making such changes, for your lost revenue, or for your expenses of promoting modified or substitution Marks.

You must notify us immediately of any known, actual, suspected, threatened or apparent infringement of, or challenge to, your use of any Mark and may not communicate information about such an infringement or challenge with any person other than us, your counsel, or our counsel. You may not settle any claim without our written consent. We may take any action we deem appropriate (including no action) and exclusively control any litigation or USPTO proceeding, or other administrative proceeding arising out of any infringement, challenge or claim or otherwise concerning any Mark. We will reimburse you for all damages or expenses incurred by you in responding to any trademark infringement proceeding disputing your authorized use of any Mark in accordance with the terms of your Franchise Agreement. We will not pay any of your attorneys' costs or fees if you hire your own attorney. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under your Franchise Agreement. You must sign documents and take any other reasonable action that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

Upon expiration or termination of your Franchise Agreement, you will have no further right to use the Marks and you must immediately discontinue using the Marks.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Our Patents and Copyrights

There are no patents or copyrights currently registered or pending owned by us or our affiliates that are material to the Franchise System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress), the USPTO, or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights or to defend you against claims arising from your use of the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We do claim copyright protection and proprietary rights in the original materials used in the operation of Studios, including the Operations Manual, bulletins, correspondence and communications with our

franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Elements Massage businesses and the Franchise System ("Copyrighted Materials"). We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You may not use any of our Copyrighted Materials without our written permission. This includes display of the Copyrighted Materials on any Online Presences.

Confidential Information

You will have access to proprietary and confidential information relating to the development and operation of Studios (the "Confidential Information"), including: (i) training and operations materials, including the Operations Manual; (ii) the System Standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Studios; (iii) market research, promotional, marketing and advertising strategies and programs for Studios; (iv) strategic plans, including expansion strategies and targeted demographics; (v) knowledge of, specifications for and suppliers of, and methods of ordering, Operating Assets and other products and supplies; (vi) any computer software or similar technology which is proprietary to us or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (vii) knowledge of the operating results and financial performance of Studios (other than your Studio); (viii) information generated by, or used or developed in, your Studio's operation, including information relating to clients such as client names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the Computer System ("Client Information"); and (ix) any other information designated as confidential or proprietary by us.

You and your owners will not acquire any interest in any Confidential Information, other than the right to use the Confidential Information as we specify in operating your Studio during the term of your Franchise Agreement. Our Confidential Information is proprietary to us and our affiliates and includes trade secrets owned by us and our affiliates. You and your owners: (1) may not use the Confidential Information in any other business or capacity and the use of any Confidential Information in any other business or capacity would constitute an unfair method of competition; (2) must maintain the confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) may not make unauthorized copies of any portion of the Confidential Information; (4) must adopt and implement all reasonable procedures that we prescribe to prevent the unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure of the Confidential Information to persons who have signed confidentiality and non-solicitation agreements; and (5) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Works Made-for-Hire

All ideas, concepts, techniques, or materials relating to a Studio, or derivative works based on the Marks or any Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a "work made-for-hire" for us, you shall assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

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

Franchise Agreement

If you are signing the Franchise Agreement as a legal business entity, you must designate an individual with at least a 25% ownership and voting interest in you to act as your "Operating Partner". The Operating Partner must be approved by us. Unless a separate Designated Manager is approved by us (described below), you (or your Operating Partner if you are an entity) must supervise your Studio on a full-time basis and exert best efforts to promote and enhance your Studio. Without our written consent, your entity may not engage in any business other than the operation of your Studio, unless we approve you to acquire and operate additional Studios pursuant to additional franchise agreements between us and you. Your Operating Partner must be empowered with full authority to act for you and we will be entitled to rely solely on the decision of the Operating Partner without discussing the matter with any other party. If your Operating Partner ceases to own at least a 25% ownership interest and voting interest in you, your Operating Partner resigns or otherwise indicates to us or to you that he or she wishes to cease acting as Operating Partner, or we disapprove of your Operating Partner at any time, you must designate a new Operating Partner within 30 days for our review and approval.

You are solely responsible for the management, direction and control of your Studio. However, you (or your Operating Partner if you are an entity) may elect not to supervise your Studio on a full-time basis; provided that you appoint a manager who has completed our then-current Training Program (or alternatively, the manager training program described in Item 11 as we may determine) to work full-time at your Studio (your "Designated Manager"). Your Designated Manager must supervise the management and day-to-day operations of your Studio and continuously exert their best efforts to promote and enhance your Studio and the goodwill associated with the Marks. If you intend to appoint a Designated Manager prior to the Studio's opening date, you must do so at least 10 weeks prior to such date in order for your initial Designated Manager to attend and complete the Training Program in a timely manner. If you elect not to appoint a Designated Manager, your Designated Manager's employment at your Studio is terminated, or we disapprove your Designated Manager at any time, you (or your Operating Partner) must immediately assume the full-time responsibilities of supervising the management and day-to-day operations of your Studio and continuously exert your best efforts to promote and enhance your Studio and the goodwill associated with the Marks pursuant to the terms of the Franchise Agreement. You must notify us of any changes to your Designated Manager's employment as set forth in the Operations Manual.

You and such persons we designate, which may include the spouses of your owners (if you are signing the Franchise Agreement as a business entity), must execute the Guaranty and Assumption of Franchisee's Obligations attached as Exhibit E to the Franchise Agreement, jointly and severally guarantying your and their performance under the Franchise Agreement and binding yourself and themselves to the Franchise Agreement and any ancillary agreements between you and us.

You must require persons who have access to our Confidential Information to execute confidentiality and non-solicitation agreements in the form attached as Exhibit D to the Franchise Agreement.

Area Development Agreement

If you sign an Area Development Agreement, you are obligated, at all times, to faithfully, honestly and diligently perform your obligations and fully exploit the development rights granted to you. You may not subcontract, subfranchise, or delegate any of your obligations to any third parties.

If you are an entity, each of your direct and indirect owners must sign a Guaranty and Assumption of Obligations in the form attached as Exhibit B to the Area Development Agreement. The persons signing the Guaranty and Assumption of Obligations agree to personally assume and perform all of the area developer's obligations under the Area Development Agreement. In addition, the spouses of your owners signing will be required to acknowledge and consent to the Guaranty and Assumption of Obligations.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Authorized Products and Services Generally

You must sell or offer for sale all products and services we require using the method and manner of distribution we prescribe. You must conduct all services in accordance with our System Standards (and if we at any time determine that you fail to meet our System Standards for providing any products or services that we require, we may permanently or temporarily terminate your right to offer such products or services, in addition to all other remedies we have). You must sell and offer for sale only the products and services that we have approved for sale, and you must discontinue selling and offering for sale any products or services which we may disapprove at any time. You must purchase and use only the brands, types, or models of products, materials, supplies and services (including the Operating Assets and the Computer System) that we designate for operating your Studio.

Memberships

You must offer and sell Memberships as we require. You must comply with our System Standards regarding Memberships. All Memberships must be evidenced by a Membership Agreement and may not be for a term that extends beyond the expiration of your Franchise Agreement. We may provide you a form of Membership Agreement, and if we do so, you will use the form of Membership Agreement that we provide to you, and you will not make any modifications in the forms without our prior written consent. You are responsible for ensuring that the Membership Agreements and your offer of Memberships comply with all applicable laws for your Studio. We own all information relating to clients and members of your Studio. We may contact any member(s) of your Studio at any time.

Pricing

Subject to applicable law, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Studio. If we impose a maximum advertised price for any product or service, you may not advertise a higher price for the product or service than the maximum advertised price we impose. If we impose a minimum advertised price for any product or service, you may not advertise a lower price for such product or service than the minimum advertised price we impose. Further, you must comply with any advertising policy we adopt which may prohibit you from advertising any price for a product or service that is different than our suggested retail price.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision		Section in franchise or other agreement	Summary
a.	Length of the franchise term	Franchise Agreement – 1.A.	10 years
		Area Development Agreement – 1.B	Term ends when you sign a lease for the last studio to be developed according to the Development Schedule or the last day of the last development period, whichever occurs first.

Provision		Section in franchise or other agreement	Summary
b.	Renewal or extension of the term	Franchise Agreement – 13.A.	One additional term of 10 years
		Area Development Agreement	Not applicable
c.	Requirements for franchisee to renew or extend	Franchise Agreement – 13.A., 13.B.	You must: 1) provide written notice of your election to acquire a successor franchise; 2) not be in default; 3) sign the then-current form of our franchise agreement (which may contain terms and conditions materially different from those in your original Franchise Agreement); 4) sign a general release; 5) pay the successor franchise fee; and 6) update/remodel the Studio to our then-current standards.
		Area Development Agreement	Not applicable.
d.	Termination by franchisee	Franchise Agreement – 14.A.	You can terminate the Franchise Agreement for cause after providing us notice. We have 60 days to cure any material breach of the Franchise Agreement after you deliver written notice to us.
		Area Development Agreement	Not applicable.
e.	Termination by franchisor without cause	Franchise Agreement	Not applicable.
		Area Development Agreement	Not applicable.
f.	Termination by franchisor with cause	Franchise Agreement – 14.B.	We can terminate the Franchise Agreement after providing you notice.
		Area Development Agreement – 7.A	We may terminate only if you or your owners commit one of several violations. Under cross-default provision, we can terminate the Area Development Agreement if you or your approved affiliate fails to comply with any provision of any Franchise Agreement and does not cure such failure within the applicable cure period.
g.	"Cause" defined — curable defaults	Franchise Agreement – 14.B.	Curable defaults include: 1) 10 days to cure a failure to maintain the insurance we require; 2) three days to cure a violation of any health, safety, or sanitation law, ordinance, or regulation, or unsafe operation of your Studio; 3) 10 days to cure a violation of any law or regulation or failure to maintain any bond, license, or permit; 4) 10 days to cure a failure to pay us any due amounts; 5) 30 days to cure any breach of the Franchise Agreement other than those provided in "k" below; and 6) cure period for a failure to pay third-party supplier, as determined by such third-party supplier, or alternatively, 10 days to cure if such third-party's cure period has already lapsed.
		Area Development Agreement – 7.A	You have 10 days to cure monetary defaults, failure to furnish reports, financial statements, tax returns or any other documentation required, or any failure to observe, perform or comply with any other of the terms or conditions of the Area Development Agreement; and applicable cure period for defaults under Franchise Agreement or failure to pay any third-party obligations.

Provision		Section in franchise or other agreement	Summary
h.	"Cause" defined — non-curable defaults	Franchise Agreement – 14.B.	Non-curable defaults include: 1) material misrepresentations or omissions in acquiring the franchise or operating the Studio; 2) failure to obtain lease approval or deliver the lease and lease rider as required; 3) failure to open the Studio within six months; 4) failure to satisfactorily complete the Training Program; 5) without our prior consent, abandonment for two consecutive days, or 14 days during any twelve-month period, or expressing an intent to close or otherwise abandon the Studio; 6) unauthorized transfer; 7) conviction of felony or other crime that is likely to harm the Marks, the Franchise System, or their associated goodwill and reputation; 8) dishonest or unethical conduct which adversely affects your Studio's reputation or the goodwill associated with the Marks; 9) loss of right to occupy Premises; 10) unauthorized use or disclosure of confidential information; 11) you create or allow to exist a health or safety concern; 12) failure to pay taxes when due (unless contested in good faith); 13) insufficient funds to pay amounts when due on three separate occasions within 12 month period; 14) underreporting Gross Receipts; 15) three breaches of the Franchise Agreement within a one year period or two or more breaches of the same obligation within a one year period; 16) insolvency or similar proceeding; 17) assets, property, or interests blocked under laws or regulations relating to terrorism or you or your owners otherwise violate such laws; 18) termination of any other agreement between you (or one of your owners) or your affiliates and us or our affiliates; 19) you fail to perform required background checks; 20) you fail to ensure your massage therapists are licensed as required by law; 21) you fail to report incidents which could impact the goodwill of the brand as required; and 22) you relocate the Studio to a location other than the Premises without our prior written approval.
		Area Development Agreement – 7.A	Non-curable defaults under the Area Development Agreement include ceasing or threatening to cease to carry on the business; liquidation of your assets; failure to pay any debts or other amounts incurred by you in operating the business when these debts or amounts are due and payable; an assignment for the benefit of creditors; appointment of a trustee or receiver; three or more repeated violations during any 12-month period; two or more repeated violations during any six month period; termination of any other agreement between you (or one of your owners) or your affiliates and us or our affiliates; in the event you are an entity, liquidation or dissolution or amalgamation; or if you lose your charter by expiration, forfeiture or otherwise; material misrepresentations or omissions; conviction of a felony; dishonest or unethical conduct; unapproved transfers of the Area Development Agreement or an ownership interest in you.

Provision		Section in franchise or other agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	Franchise Agreement – 6.A., 6.B., 15.A., 15.B., 15.C., 15.D., 15.F., 15.G., 15.H.	Obligations include: comply with confidentiality provisions, comply with trade secret provisions; pay all amounts due to us and our affiliates; pay us liquidated damages if the Franchise Agreement is terminated by you without cause or because of your default; cease selling products and services; cease using the Marks; de-identify; assign contact identifies and online presence to us or our designee; pay all costs and expenses incurred by us in enforcing the termination provisions of the Franchise Agreement; return all copies of the Operations Manual and other confidential information to us; return or securely dispose of personal information; comply with covenants not to compete; comply with non-solicitation and non-interference covenants; transfer client list to us or our designee; if required by law, refund clients; cooperate with us to preserve client goodwill.
		Area Development Agreement – 7.B, 7.C	Under the Area Development Agreement, you must: cease using the Marks and franchise system; return all proprietary materials, forms, documents and information; comply with confidentiality requirements; and comply with all post-termination non-compete and non-solicit covenants.
j.	Assignment of contract by franchisor	Franchise Agreement – 12.A.	No restriction on our right to transfer or assign. We may transfer or assign without your approval.
		Area Development Agreement – 6.A	
k.	"Transfer" by franchisee—defined	Franchise Agreement – 12.B.	Includes transfer of the interests or rights in the Franchise Agreement, the Studio, the Studio's assets, or if you are an entity, the transfer of any direct or indirect ownership interest in you.
		Area Development Agreement – 6.B	Includes transfer of your interest in the Area Development Agreement, any of your rights under the Area Development Agreement, the development rights, and any direct or indirect ownership interest in you (regardless of its size), any approved Affiliate, or any of your owners (if such owners are legal entities)
l.	Franchisor approval of transfer by franchisee	Franchise Agreement – 12.B.	We have the right to approve all transfers. You cannot transfer without our written consent.
		Area Development Agreement – 6.B	We have the right to approve all transfers but will not unreasonably withhold our consent. You cannot transfer without our written consent.

Provision		Section in franchise or other agreement	Summary
m.	Conditions for franchisor approval of transfer	Franchise Agreement – 12.C.	Your Studio must be open for business. You must submit an application and provide us with information we request about the transferee; you pay us a deposit fee of $5,000 (refundable, less amounts due, within 30 days of transfer); the transferee cannot be involved in a Competitive Business; the transferee and its affiliates cannot directly or indirectly own more than 6% of all Elements Massage studios then in operation in the United States, including the Studio operated under the Franchise Agreement; you provide executed versions of documents between you and the transferee to effect the transfer with requested information; you and the transferee sign all documents we require, including a general release, a covenant that you will comply with non-competition obligations (see "u"), and a covenant that you will comply with all post-termination obligations (see "l"); you are not in default of any agreement with us 60 days before your transfer request and until the transfer's effective date; the transferee must complete our Training Program; you obtain landlord consent (if required by lease); the transferee must sign our then-current form of franchise agreement; transfer fee is paid; if you or your owners finance any part of the purchase price, you will agree that transferee's obligations under any promissory notes, agreements, or security interests are subordinate to transferee's payment obligations to us, our affiliates, and third-party vendors under their Franchise Agreement; transferee agrees to upgrade, remodel, and refurbish the Studio to our then-current standards; and you transfer, or transferee obtains new, business licenses, insurance policies, and material agreements. The term "Competitive Business" means any business operating or granting franchises or licenses to others to operate any business that offers therapeutic massage or bodywork services or other massage services, or offers or sells products or educational materials or conducts workshops that are the same as, similar to, or competitive with products, educational materials, and workshops offered by the Franchise System (other than a franchise operated under a franchise agreement with us or our affiliate).
		Area Development Agreement – 6.B	You cannot transfer the Development Rights but you may transfer any direct or indirect ownership interest in you (regardless of its size), to any approved Affiliate, or to any of your owners (if such owners are legal entities). Transferee must meet qualifications; satisfactorily complete training and pay required fee; have no financial or other interest in a Competitive Business; the transferee and its affiliates cannot directly or indirectly own more than 6% of all Elements Massage studios then in operation in the United States, including any Studios developed in relation to the Area Development Agreement; enter into all then-current forms of agreement required by us; you must have fulfilled all your obligations; must execute general release; pay expenses and applicable fees
n.	Franchisor's right of first refusal to	Franchise Agreement – 12.E.	We have a right of first refusal to acquire your Studio, substantially all of its assets, or an ownership interest in you or one of your owners.

Provision		Section in franchise or other agreement	Summary
	acquire franchisee's business	Area Development Agreement – 6.C	We have a right of first refusal to acquire your area development business.
o.	Franchisor's option to purchase franchisee's business	Franchise Agreement – 15.E.	Upon termination or expiration of the Franchise Agreement, we have a 30-day option to purchase the assets of your Studio for fair-market value and assume the Studio's lease.
		Area Development Agreement	Not applicable.
p.	Death or disability of franchisee	Franchise Agreement – 12.F.	Your personal representative has nine months to transfer of your interest (or the Operating Partner's or a controlling owner's interest) in the Franchise Agreement to a third party, provided that the transfer conditions described in "p" above have been met. No fee deposit or transfer fee will be required if the transferee is a spouse or immediate family member of the transferor).
		Area Development Agreement	Not applicable.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement – 7.A.	No involvement in any Competitive Business; no activities which might injure the goodwill of the Marks and Franchise System; and no immediate family members of you or your owners may violate these covenants.
		Area Development Agreement – 5	No involvement in any Competitive Business; and no assistance or encouragement of family members from violating these covenants.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement – 15.F.	No involvement (direct or indirect) in Competitive Business for two years within a three-mile radius of your Studio or within three miles of another Studio. (Same terms apply after transfer.)
		Area Development Agreement – 7.C	No involvement (direct or indirect), provision of services in Competitive Business for two years within the Development Area or within three miles of another Studio. (Same terms apply after transfer.)
s.	Modification of the agreement	Franchise Agreement – 17.K.	The Franchise Agreement can be modified only by written agreement between you and us. We can modify or change the Franchise System by modifying the Operations Manual and System Standards.
		Area Development Agreement – 10.G	No modifications except in writing and signed by both you and us.
t.	Integration/merger clause	Franchise Agreement – 17.M.	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement or Area Development Agreement may not be enforceable.
		Area Development Agreement – 10.G	
u.	Dispute resolution by arbitration or mediation	Franchise Agreement – 17.F.	Except for breach of your post-termination covenants, violation of the Lanham Act, or breach of trade secret, all disputes relating to the Franchise Agreement or Area Development Agreement or our relationship must be arbitrated within 50 miles of our then-current principal place of business (currently Denver, Colorado).
		Area Development Agreement – 9.A	
v.	Choice of forum	Franchise Agreement – 17.H.	State or federal court in the place where our principal place of business is located (currently Denver, Colorado) (subject to state law).

Provision		Section in franchise or other agreement	Summary
		Area Development Agreement – 9.C	
w.	Choice of law	Franchise Agreement – 17.G.	The laws of the state in which our principal place of business is located (currently, Colorado) govern (subject to state law), except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) and any arbitration matter will be governed by the United States Federal Arbitration Act (9 U.S.C. Sections 1 et seq.).
		Area Development Agreement – 9.B.	

Notes:

(1) If you abandon or fail to actively operate your Studio, fail to comply with your Franchise Agreement or any System Standard without curing, or your Franchise Agreement is terminated and we are deciding whether to exercise our option to purchase your Studio, we have the right to: 1) enter the Premises to protect the Operating Assets, remove any equipment, signage, or other materials featuring the Marks, cure any defaults under the Lease, and assume your rights under the Lease; and/or 2) enter the Premises and assume your Studio's management for any period of time we deem appropriate, but not to exceed six months. We may assign these rights to any person or entity without your consent.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit A.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our Franchise System. However, we may use public figures in the future.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Franchised Studios Open as of January 1, 2023 and for One Year and Three Years as of January 1, 2023

Table 1 describes 2023 Average Revenue, Average New Client Trial, Average Conversion Percentage, and Average Number of Members for three categories of franchised Studios in the United States that were open as of January 1, 2023, and operated throughout 2023: (1) all franchised Studios that were open as of January 1, 2023, and operated throughout 2023; (2) franchised Studios that were open for at least one year as of January 1, 2023, and operated throughout 2023; and (3) franchised Studios that were open for at least three years as of January 1, 2023, and operated throughout 2023.

As of December 31, 2023, there were 244 franchised Studios in operation in the United States. Of those 244 franchised Studios: (A) 235 were open as of January 1, 2023, and operated throughout 2023; (B) 228 were open for at least one year as of January 1, 2023, and operated throughout 2023; and (C) 219 were open for at least three years as of January 1, 2023, and operated throughout 2023.

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Table 1

Category	All Franchised Studios Open as of January 1, 2023						
	Top 10	Top 3rd	Bottom 3rd	Bottom 10	All Studios	All Studios Open Greater than One Year prior to 2023	All Studios Open Greater than Three Years prior to 2023
No. of Studios	10	78	78	10	235	228	219
2023 Average Revenue[1]	**$2,071,738**	**$1,306,117**	**$533,979**	**$332,659**	**$894,425**	**$905,665**	**$920,761**
Number that Met or Exceeded the Average	4	24	43	5	103	100	97
Percentage that Met or Exceeded the Average	40.0%	30.8%	55.1%	50.0%	43.8%	43.9%	44.3%
Same Studio Average Revenue Increase (2023 over 2022)[2]	11.4%	6.6%	7.6%	(4.0%)	6.1%	5.4%	5.1%
2023 Median Revenue	$2,019,647	$1,190,947	$557,768	$329,314	$832,173	$847,011	$862,798
2023 Highest Revenue	$2,519,709	$2,519,709	$700,990	$368,798	$2,519,709	$2,519,709	$2,519,709
2023 Lowest Revenue	$1,633,647	$1,005,298	$297,453	$297,453	$297,453	$297,453	$297,453
2023 Average New Client Trial[3]	**2,303**	**1,588**	**648**	**394**	**1,088**	**1,085**	**1,084**
Number that Met or Exceeded the Average	5	29	43	5	107	102	97
Percentage that Met or Exceeded the Average	50.0%	37.2%	55.1%	50.0%	45.5%	44.7%	44.3%
2023 Median New Client Trial	2,322	1,519	662	395	1,045	1,035	1,016
2023 Highest New Client Trial	2,847	2,847	846	464	2,847	2,847	2,847
2023 Lowest New Client Trial	1,884	1,222	313	313	313	313	313
2023 Average Conversion Percentage[4]	**51.5%**	**36.0%**	**15.1%**	**11.1%**	**24.6%**	**24.7%**	**25.0%**
Number that Met or Exceeded the Average	4	33	40	6	102	100	92
Percentage that Met or Exceeded the Average	40.0%	42.3%	51.3%	60.0%	43.4%	43.9%	42.0%
2023 Median Conversion %	50.1%	34.6%	15.3%	11.6%	22.6%	22.6%	23.0%
2023 Highest Conversion %	66.0%	66.0%	18.8%	12.0%	66.0%	66.0%	66.0%
2023 Lowest Conversion %	46.1%	26.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Average Number of Members as of December 31, 2023[5]	**1,233**	**790**	**313**	**184**	**534**	**541**	**551**
Number that Met or Exceeded the Average	5	25	41	4	101	97	93
Percentage that Met or Exceeded the Average	50.0%	32.1%	52.6%	40.0%	43.0%	42.5%	42.5%
2023 Median New Client Trial	1,192	733	318	183	501	506	515
2023 Highest New Client Trial	1,562	1,562	423	214	1,562	1,562	1,562
2023 Lowest New Client Trial	1,007	589	155	155	155	155	155

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Notes to Table 1:

1. Revenue figures in Table 1 are based upon actual data we require our franchisees to submit to us on a monthly basis and are defined in the same manner as Gross Receipts are defined under the Franchise Agreement. Specifically, as described in Item 6, "Gross Receipts" include all of your revenue and receipts, including those taken by cash, credit card, debit card, check, electronic funds transfer, ACH, trade, barter or exchange. Gross Receipts also include: (a) any other means of revenue derived from the operations of your Studio, 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 or redemption of gift cards, in accordance with our then-current System Standards; and (c) the gross amount of any business interruption or similar insurance payments. Gross Receipts exclude: (i) sales, use or privilege taxes paid to the appropriate taxing authority; (ii) refunds that are provided to clients (not including chargebacks); and (iii) tips received from clients for payment to your employees.
2. The Same Studio Average Revenue Increase measures the increase in revenue on a same-studio basis, comparing annual revenue for the 2023 calendar year to the 2022 calendar year, for all Studios open at least one year prior to January 1, 2023. Because this category compares year-over-year revenue, we have not included 10 of the 245 franchised Studios that were open as of January 1, 2023, because they did not operate during the entirety of 2023.
3. "New clients" are individuals who have not previously visited a particular Studio.
4. Average Conversion Percentage means the percentage of new clients who sign up for our membership program.
5. Average Number of Members as of December 31, 2023 represents the number of participants in our membership program who paid a monthly membership fee in December 2023.

* * * *

We compiled this data using information submitted to us by our franchisees. We did not audit or otherwise verify the accuracy of the information submitted. These revenues and gross profit results are based upon historical data.

Some Studios have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

We are unaware of any particular characteristics (such as geographic location) in the Studios listed in the tables above that differ materially from the Studio being offered by this Disclosure Document. However, factors that might adversely impact average revenues for a given Studio include the general public's perception of the benefits of massage therapy, increased competition in the massage industry, actions by franchisees that are out of our control that could adversely impact the Franchise System, and the status of our general economic environment. Factors that might adversely impact average gross profit include, in addition to those sales related items noted above, the actual cost of wages paid to massage therapists, which could vary periodically and by market due to the status of our general economic environment. The negative impact of such factors would also adversely impact a franchisee's net income, profits and earnings.

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

Other than the preceding financial performance representations, Elements Therapeutic Massage, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's

management by contacting Robert Bell, Chief Financial Officer, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880, the Federal Trade Commission, and appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-wide Outlet Summary
For Years 2021 to 2023[1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	245	246	+1
	2022	246	245	-1
	2023	245	244	-1
Company-Owned Outlets	2021	2	2	0
	2022	2	1	-1
	2023	1	1	0
Total Outlets[2]	**2021**	**247**	**248**	**+1**
	2022	**248**	**246**	**-2**
	2023	**246**	**245**	**-1**

1. The numbers are as of December 31st of each year.
2. Tables 1 through 5 herein focus on Elements Massage® Studios in the United States. As of December 31, 2023, there was additionally one Studio in Canada.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2021 to 2023[1]

State	Year	Number of Transfers
Arizona	2021	0
	2022	3
	2023	2
California	2021	2
	2022	1
	2023	1
Colorado	2021	1
	2022	0
	2023	0

State	Year	Number of Transfers
Connecticut	2021	0
	2022	1
	2023	0
Florida	2021	0
	2022	1
	2023	0
Idaho	2021	0
	2022	0
	2023	0
Illinois	2021	0
	2022	0
	2023	3
Indiana	2021	0
	2022	0
	2023	1
Iowa	2021	0
	2022	0
	2023	0
Kentucky	2021	0
	2022	0
	2023	1
Maryland	2021	1
	2022	0
	2023	0
Massachusetts	2021	0
	2022	3
	2023	2
Michigan	2021	0
	2022	0
	2023	0
Minnesota	2021	0
	2022	0
	2023	0
Missouri	2021	0
	2022	0
	2023	0

State	Year	Number of Transfers
North Carolina	2021	1
	2022	0
	2023	0
New Hampshire	2021	0
	2022	0
	2023	0
New Jersey	2021	2
	2022	0
	2023	0
New York	2021	0
	2022	1
	2023	0
Ohio	2021	0
	2022	0
	2023	0
Oregon	2021	2
	2022	0
	2023	1
Pennsylvania	2021	0
	2022	0
	2023	0
Tennessee	2021	0
	2022	2
	2023	0
Texas	2021	1
	2022	1
	2023	1
Utah	2021	0
	2022	2
	2023	0
Virginia	2021	0
	2022	0
	2023	0
Washington	2021	1
	2022	1
	2023	1

State	Year	Number of Transfers
Wisconsin	2021	0
	2022	2
	2023	0
Totals	**2021**	**11**
	2022	**18**
	2023	**13**

1. The numbers are as of December 31st of each year.

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Table 3
Status of Franchised Outlets
For Years 2021 to 2023[1]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arizona	2021	27	0	0	0	0	0	27
	2022	27	0	0	0	0	0	27
	2023	27	0	1	0	0	0	26
California	2021	16	0	0	0	0	0	16
	2022	16	0	1	0	0	0	15
	2023	15	1	2	0	0	0	14
Colorado	2021	18	2	0	0	0	0	20
	2022	20	1	0	0	0	0	21
	2023	21	0	1	0	0	0	20
Connecticut	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Florida	2021	7	1	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	0	1	0	0	7
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Idaho	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Illinois	2021	13	0	0	0	0	0	13
	2022	13	0	0	0	0	0	13
	2023	13	0	1	0	0	0	12
Indiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Iowa	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Kentucky	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Maryland	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Massachusetts	2021	27	0	1	0	0	0	26
	2022	26	0	1	0	0	0	25
	2023	25	0	0	0	0	0	25
Michigan	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	1	0	0	0	5
Missouri	2021	3	0	1	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Nevada	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
New Hampshire	2021	5	0	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
New Jersey	2021	7	0	1	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	1	0	0	0	5
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	1	0	0	0	6
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4
Ohio	2021	10	0	0	0	0	0	10
	2022	10	0	1	0	0	0	9
	2023	9	0	0	0	0	0	9
Oklahoma	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Oregon	2021	6	1	0	0	0	0	7
	2022	7	0	1	0	0	0	6
	2023	6	0	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Pennsylvania	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
South Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4
Tennessee	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Texas	2021	25	0	1	0	0	0	24
	2022	24	4	3	1	0	0	24
	2023	24	1	1	0	0	0	24
Utah	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Virginia	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Washington	2021	12	0	0	0	0	0	12
	2022	12	0	0	0	0	0	12
	2023	12	1	0	0	0	0	13
Wisconsin	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Totals	**2021**	**245**	**5**	**4**	**0**	**0**	**0**	**246**
	2022	**246**	**8**	**8**	**1**	**0**	**0**	**245**
	2023	**245**	**9**	**9**	**1**	**0**	**0**	**244**

1. The numbers are as of December 31st of each year.

Table 4
Status of Company-Owned Outlets
For Years 2021 to 2023[(1)]

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of Year
Colorado	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
Total	**2021**	**2**	**0**	**0**	**0**	**0**	**2**
	2022	**2**	**0**	**0**	**1**	**0**	**1**
	2023	**1**	**0**	**0**	**0**	**0**	**1**

1. The numbers are as of December 31st of each year.

Table 5
Projected Openings
as of December 31, 2023[(1)]

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	2	2	0
Florida	3	2	0
Illinois	1	1	0
Indiana	1	1	0
North Carolina	1	1	0
Texas	3	3	0
Total	**11**	**10**	**0**

1. The numbers are as of December 31st of each year.

Exhibit D1 lists the names of all current franchisees and the addresses and telephone numbers of their Studios as of December 31, 2023.

Exhibit D2 lists the name, city and state, and current business telephone number or the last known home telephone number of every franchisee who had a franchise agreement that was terminated, canceled or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Exhibit D3 lists the name, city and state and telephone numbers of all franchisees who have signed franchise agreements, but who have not yet opened a Studio as of December 31, 2023.

During the last 3 fiscal years, current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with the Elements Massage® Franchise System. You may wish to speak with current and former franchisees, but be aware that not all of them will be able to communicate with you.

In October 2008, we established the Franchise Advisory Council ("FAC"), formerly known as the Franchisee Leadership Council, consisting of members of Franchisor's management and franchisees. The FAC provides feedback and advice to us, and occasionally holds meetings focused on advertising and marketing, but does not have decision-making authority. The FAC typically meets on a monthly basis. The FAC has not incorporated or otherwise organized under state law. It does not have its own address telephone number, email address or web address.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit E to this Disclosure Document are WBZ's audited financial statements for the fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021. WBZ's and our fiscal year ends on December 31. WBZ is a parent of ours as noted in Item 1.

WBZ absolutely and unconditionally guarantees the performance of our obligations under the Franchise Agreement and other agreements into which we enter. A copy of WBZ's guaranty is included in Exhibit E.

ITEM 22. CONTRACTS

Attached to this Disclosure Document are the following Exhibits:

A. State Addenda and Agreement Riders
B. Franchise Agreement and Exhibits
C. Area Development Agreement and Exhibits
G. Agreement and Conditional Consent to Transfer (including Sample of Release of Claims)
H. Form of Renewal Addendum (including Sample of Release of Claims)

ITEM 23. RECEIPTS

Attached as the last two pages of this Disclosure Document are duplicate Receipt pages to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A

STATE ADDENDA AND AGREEMENT RIDERS

The following are additional disclosures for the Franchise Disclosure Document of Elements Therapeutic Massage, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

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

Neither we nor any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq., suspending or expelling such persons from membership in that association or exchange.

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

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

3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq.).

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

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

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

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

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

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

10. OUR WEBSITE (www.elementsmassage.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE

DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

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

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

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

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

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

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Illinois law shall apply to and govern the Franchise Agreement.

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

Item 5:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

We will defer collection of the Development Fee, and will collect a pro rata portion of the Development Fee for each Studio required to be developed under the Development Agreement at the time we have fulfilled our initial pre-opening obligations to you and you have opened that Studio.

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

Item 17 of this disclosure document is amended to include the following:

1. The Summary column of 17 (c) and (m) is modified as follows:

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

2. The Summary column of 17 (h) is modified as follows:

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

3. The Summary column of 17 (v) is modified as follows:

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection is legally enforceable.

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.

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

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. The following is added to the Disclosure Document:

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

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

Minn Stat §80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Specifically, we cannot require you to consent to us obtaining injunctive relief; however, we may seek such relief through the court system.

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

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

Item 5:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

We will defer collection of the Development Fee, and will collect a pro rata portion of the Development Fee for each Studio required to be developed under the Development Agreement at the time we have fulfilled our initial pre-opening obligations to you and you have opened that Studio.

2. The following paragraph is added to the Disclosure Document:

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

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

The following information is added to the cover page of the Franchise Disclosure Document.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

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

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

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

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

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

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

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

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims

under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO ELEMENTS THERAPEUTIC MASSAGE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

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

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

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

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

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

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

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

8. Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington.

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

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN HAWAII

THIS ADDENDUM is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [FRANCHISEE], having its principal business address at [ADDRESS] ("Franchisee," "you," or "your").

1. To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. 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.

5. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

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

FRANCHISOR:	**FRANCHISEE:**
ELEMENTS THERAPEUTIC MASSAGE, LLC	**[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [FRANCHISEE], having its principal business address at [ADDRESS] ("Franchisee," "you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Elements Massage® Studio that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **ILLINOIS LAW**. The following paragraphs are added to the end of the Franchise Agreement and supersede any conflicting provisions in the Franchise Agreement:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS**. The following paragraph is added to the end of the Franchise Agreement:

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

4. **INITIAL FEE**. The following is added to the end of Section 3.a. ("Initial Franchise Fee") of the Franchise Agreement:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

[*Signature Page Follows*]

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**FRANCHISEE:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [FRANCHISEE], having its principal business address at [ADDRESS] ("Franchisee," "you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Elements Massage® Studio that you will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Sections 13.A. ("Your Right to Acquire a Successor Franchise") and 12 ("Transfer") of the Franchise Agreement:

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

3. **ACKNOWLEDGMENTS.** The following is added to the end of Section 17.M. ("Construction") of the Franchise Agreement:

> Lastly, all representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

4. **TERMINATION**. The following sentence is added to the end of Section 14.B.(20) ("Termination by Us") of the Franchise Agreement:

> We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **ARBITRATION**. The following is added to the end of Section 17.F. ("Arbitration") of the Franchise Agreement:

> This agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **CONSENT TO JURISDICTION/GOVERNING LAW**. The following sentence is added to the end of Section 17.G. ("Governing Law") and Section 17.H. ("Consent to Jurisdiction") of the Franchise Agreement:

> You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR**. The following sentence is added to the end of Section 17.L. of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

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

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**FRANCHISEE:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [FRANCHISEE], having its principal business address at [ADDRESS] ("Franchisee," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Elements Massage® Studio that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RENEWAL AND TERMINATION**. The following is added to the end of Sections 1.A. ("Grant and Term of Franchise") and Section 14.B. ("Termination by Us") of the Franchise Agreement:

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

3. **INITIAL FEE**. The following is added to the end of Section 3.A. ("Initial Franchise Fee") of the Franchise Agreement:

> Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

4. **RELEASES.** The following is added to the end of Section 12.C.(3) ("Conditions for Approval of Transfer"), Section 12.D. ("Transfer to a Wholly Owned Entity"), Section 13.A.(5) ("Your Right to Acquire a Successor Franchise"), and Section 15.E. ("Our Right to Purchase Your Studio") of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **MARKS**. The following sentence is added to the end of Section 5.E. ("Indemnification for Use of Marks") of the Franchise Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

6. **LIQUIDATED DAMAGES**. The following language is added to the end of Section 15.B. of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

7. **GOVERNING LAW**. The following statement is added at the end of Section 17.G. of the Franchise Agreement:

> Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 17.H. of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 17.I. ("Waiver of Punitive Damages and Jury Trial") of the Franchise Agreement is deleted.

10. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR**. The following is added to the end of Section 17.L. of the Franchise Agreement:

> Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

11. **INJUNCTIVE RELIEF.** Section 17.J. of the Franchise Agreement is deleted in its entirety and modified as follows:

> Nothing in this Agreement, including the provisions of Section 17.F., bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

12. **REMEDIES OF PARTIES ARE CUMULATIVE**. The following language is added to the end of Section 17.E. of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400(J). However, we and you agree to enforce the provision to the extent the law allows.

13. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS**. The following paragraph is added to the end of the Franchise Agreement:

> No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of

(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[*Signature Page Follows*]

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

FRANCHISOR:
ELEMENTS THERAPEUTIC MASSAGE, LLC

By:_____
Name:_____
Title:_____
Date:_____

FRANCHISEE:
[NAME OF INDIVIDUAL OR ENTITY]

By:_____
Name:_____
Title:_____
Date:_____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [FRANCHISEE], having its principal business address at [ADDRESS] ("Franchisee," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Elements Massage® Studio that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Section 2.C. ("Relocation"), Section 13.A. ("Your Right to Acquire a Successor Franchise"), and Section 12 ("Transfer") of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **RESTRICTIVE COVENANTS**. The following is added to the end of Section 15.F. ("Covenant Not to Compete") of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **LIQUIDATED DAMAGES**. The following language is added to the end of Section 15.B. of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

5. **ARBITRATION**. The first paragraph of Section 17.F. of the Franchise Agreement is amended to read as follows:

"Except for injunctive relief and actions for amounts that you owe us, we and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

(a) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);

(b) our relationship with you;

(c) the scope or validity of this Agreement or any other agreement between you (or any of your

owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 17.F., which we and you acknowledge is to be determined by an arbitrator, not a court); or

(d) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by 1 arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our then-current principal place of business (currently, Denver, Colorado); provided however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site at which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction."

6. **GOVERNING LAW**. Section 17.G. of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Colorado without regard to its conflict of laws rules; except that (1) any law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your business is located.

7. **CONSENT TO JURISDICTION**. The following is added to the end of Section 17.H. of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the North Dakota Franchise Investment Law, Section 17.I. ("Waiver of Punitive Damages and Jury Trial") of the Franchise Agreement is deleted.

9. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS**. The following paragraph is added to the end of the Franchise Agreement:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the

inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**FRANCHISEE:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [FRANCHISEE], having its principal business address at [ADDRESS] ("Franchisee," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Elements Massage® Studio that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **CONSENT TO JURISDICTION / GOVERNING LAW**. The following language is added to the end of Sections 17.G. ("Governing Law") and 17.H. ("Consent to Jurisdiction") of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

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

FRANCHISOR:	**FRANCHISEE:**
ELEMENTS THERAPEUTIC MASSAGE, LLC	**[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

ADDENDUM TO THE FRANCHISE AGREEMENT

FOR USE IN WASHINGTON

THIS ADDENDUM TO THE FRANCHISE AGREEMENT FOR WASHINGTON ("this Addendum") is entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with its principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us" or "our") and [FRANCHISEE] ("Franchisee," "you" or "your"), whose principal business address is [ADDRESS].

WHEREAS, we and you have entered into a certain Franchise Agreement (the "Franchise Agreement") dated _____ (the "Effective Date") and desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Addendum.

WHEREAS, this Addendum is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Washington and the Elements Massage® Studio that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

NOW THEREFORE, we and you agree that the Franchise Agreement is hereby modified, as follows:

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

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a competition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking

enforcement, when annualized exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated _____.

FRANCHISOR:	**FRANCHISEE:**
ELEMENTS THERAPEUTIC MASSAGE, LLC	**[NAME OF INDIVIDUAL OR ENTITY]**
Signature: _____	Signature: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____ (Title of Signor, if applicable)

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE SPECIFIC RIDERS TO THE AREA DEVELOPMENT AGREEMENT

ADDENDUM TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPEMENT AGREEMENT
FOR USE IN HAWAII

THIS ADDENDUM is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer," "you," or "your").

1. To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

4. 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.

5. This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

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

FRANCHISOR:	**FRANCHISEE:**
ELEMENTS THERAPEUTIC MASSAGE, LLC	**[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer" or "you").

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated _____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Illinois and the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **ILLINOIS LAW.** The following paragraphs are added to the end of the Area Development Agreement and supersede any conflicting provisions in the Area Development Agreement:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

3. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS**. The following paragraph is added to the end of the Area Development Agreement:

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

4. **DEVELOPMENT FEE**. The following is added to the end of Section 3 of the Area Development Agreement:

We will defer collection of the Development Fee, and will collect a pro rata portion of the Development Fee for each Studio required to be developed under the Development Agreement at the time we have fulfilled our initial pre-opening obligations to you and you have opened that Studio.

[*Signature Page Follows*]

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**DEVELOPER:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated _____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Section 6.B(6) ("Transfer") of the Area Development Agreement:

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

3. **TERMINATION OF AGREEMENT**. The following sentence is added to the end of Section 7.A ("Events of Termination") of the Area Development Agreement:

> We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **ARBITRATION**. The following is added to the end of Section 9.A ("Arbitration") of the Area Development Agreement:

> This agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. **CONSENT TO JURISDICTION / GOVERNING LAW**. The following sentence is added to the end of Section 9.B ("Governing Law") and Section 9.C ("Consent to Jurisdiction") of the Area Development Agreement:

> You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATIONS OF CLAIMS**. The following sentence is added to the end of Section 9.F of the Area Development Agreement:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

7. **ACKNOWLEDGMENTS.** The following is added as new Section 11 of the Area Development Agreement:

11. **ACKNOWLEDGMENTS**. Lastly, all representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

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

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**DEVELOPER:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated _____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Minnesota.

2. **DEVELOPMENT FEE**. The following is added to the end of Section 3 of the Area Development Agreement:

> We will defer collection of the Development Fee, and will collect a pro rata portion of the Development Fee for each Studio required to be developed under the Development Agreement at the time we have fulfilled our initial pre-opening obligations to you and you have opened that Studio.

3. **TERMINATION OF AGREEMENT**. The following is added to the end of Section 7.A of the Area Development Agreement:

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

4. **RELEASES.** The following is added to the end of Section 6.B(6) ("Transfer By You") of the Area Development Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **GOVERNING LAW**. The following statement is added at the end of Section 9.B of the Area Development Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 9.C of the Area Development Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes

Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL, AND CLASS ACTIONS**. If and then only to the extent required by the Minnesota Franchises Law, Section 9.D of the Area Development Agreement is deleted.

7. **INJUNCTIVE RELIEF.** Section 9.E of the Area Development Agreement is deleted in its entirety and modified as follows:

> Nothing in this Agreement, including the provisions of Section 9.A, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

8. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 9.F of the Area Development Agreement:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS**. The following paragraph is added to the end of the Area Development Agreement:

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

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**DEVELOPER:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated _____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **RESTRICTIVE COVENANTS DURING TERM**. The following is added to the end of Section 7.C(1) ("Non-Competition") of the Area Development Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. **RELEASES**. The following is added to the end of Section 6.B(6) ("Transfer By You") of the Area Development Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **ARBITRATION**. The first paragraph of Section 9.A of the Area Development Agreement is amended to read as follows:

"We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to

(a) this Agreement or any other agreement between you and us;

(b) our relationship with you; or

(c) the scope and validity of this Agreement or any other agreement between you and us or any provision of any of such agreements (including, but not limited to, the validity and scope of the arbitration obligations under this Section 9.A which we and you acknowledge is to be determined by an arbitrator, not a court),

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by 1 arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within 50 miles of our then-current principal place of business (currently, Denver, Colorado); provided,

however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction."

5. **GOVERNING LAW**. Section 9.B of the Area Development Agreement is deleted and replaced with the following:

> All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Colorado without regard to its conflict of laws rules; except that (1) any law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Elements Massage® Studio is located.

6. **CONSENT TO JURISDICTION**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS**. If and then only to the extent required by the North Dakota Franchise Investment Law, Section 9.D of the Area Development Agreement is deleted.

8. **LIMITATION OF CLAIMS**. The following is added to the end of Section 9.F of the Area Development Agreement:

> The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

9. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS**. The following paragraph is added to the end of the Area Development Agreement:

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

[*Signature Page Follows*]

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**DEVELOPER:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer," "you" or "your") .

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated _____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Rhode Island.

2. **GOVERNING LAW / CONSENT TO JURISDICTION**. The following is added at the end of Sections 9.B ("Governing Law") and 9.C ("Consent to Jurisdiction") of the Area Development Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a [Area Development Agreement] restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

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

FRANCHISOR:	**DEVELOPER:**
ELEMENTS THERAPEUTIC MASSAGE, LLC	**[NAME OF INDIVIDUAL OR ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO THE ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("Franchisor," "we," "us," or "our") and [DEVELOPER], having its principal business address at [ADDRESS] ("Developer," "you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated _____ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Elements Massage® Studios that you will operate and develop under the Area Development Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Area Development Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following language is added to the Area Development Agreement:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
>
> A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
>
> Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when

annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 9.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

[*Signature Page Follows*]

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

FRANCHISOR: **ELEMENTS THERAPEUTIC MASSAGE, LLC**	**DEVELOPER:** **[NAME OF INDIVIDUAL OR ENTITY]**
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

EXHIBIT B

FRANCHISE AGREEMENT

ELEMENTS THERAPEUTIC MASSAGE, LLC

FRANCHISE AGREEMENT

FRANCHISE OWNER

STUDIO ADDRESS

STUDIO NAME

STUDIO NUMBER

AGREEMENT DATE

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company, with its principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ whose principal business address is _____ ("**you**" or "**your**") as of the date signed by us and set forth opposite our signature on this Agreement (the "**Effective Date**").

INTRODUCTION

A. We and our affiliates have, with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity to establish, operate and promote therapeutic massage studios under the Marks (as defined below) offering various forms of therapeutic massage services and other related services and products ("**Studios**").

B. We and our affiliates use and promote, and license others to use and promote, certain trademarks, service marks, and other commercial symbols in operating Studios, which have gained and will continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols to identify the Studios (collectively, the "**Marks**").

C. Studios will offer the services and goods we authorize, and use our distinctive business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks, all of which we may improve, further develop, or otherwise modify from time to time (collectively, the "**Franchise System**").

D. We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort to own and operate Studios, and you have applied and been approved for a franchise to own and operate a Studio.

1. GRANT OF FRANCHISE.

A. Grant and Term of Franchise.

Subject to this Agreement's terms, we grant you a franchise to use the Franchise System and the Marks to operate a Studio ("**your Studio**") at the specific address and location identified on **Exhibit B** (the "**Premises**"). If the Premises has not been determined as of the Effective Date, the Premises will be selected in accordance with Section 2.A., provided that the Premises is located within the geographical area set forth on **Exhibit B**.

The term of this Agreement begins on the Effective Date and expires ten (10) years from that date, unless sooner terminated as provided herein.

You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote your Studio. You may use the Premises only for your Studio. You agree not to conduct the business of your Studio at any site other than the Premises.

You agree and represent that you and such persons as we designate, which may include the spouses of your owners (if you are an Entity, as such term is defined below), will execute an agreement, in the form set forth in **Exhibit E** (the "**Guaranty**"), under which such persons undertake personally to be bound,

jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us.

B. Corporation, Limited Liability Company, or Partnership.

If you are a corporation, limited liability company, or general or limited partnership (collectively, an "**Entity**"), you agree and represent that:

(1) you are validly existing and in good standing under the laws of the state in which you were formed, and have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements;

(2) your organizational documents state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement's restrictions;

(3) **Exhibit A** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised **Exhibit A** to reflect any changes in your ownership information;

(4) the owner listed on **Exhibit A** who is a natural person with at least a twenty-five percent (25%) ownership interest and voting power in you, with the authority to take legally binding actions on your behalf, and who we approve, will act as your **"Operating Partner**". Except as otherwise set forth in Section 12.F., in the event that: (a) your Operating Partner ceases to own at least a twenty-five percent (25%) ownership interest and voting interest in you; (b) your Operating Partner resigns or otherwise indicates to us or to you that he or she wishes to cease acting as Operating Partner; or (c) we disapprove of your Operating Partner at any time, you must designate a new Operating Partner (whom we must approve) within thirty (30) days of the change in ownership or disapproval and deliver to us a revised **Exhibit A** to accurately identify the Operating Partner for our review and approval;

(5) you agree that the Operating Partner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to this Agreement. Any decision made by the Operating Partner will be final and binding on you, and we will be entitled to rely solely on the decision of the Operating Partner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Operating Partner; and

(6) your Studio will be the only business that such entity operates, unless we approve you to acquire and operate additional Studios pursuant to additional franchise agreements between us and you.

C. Your Protected Area.

Except as provided in this Agreement, and subject to your compliance with this Agreement, neither we nor any affiliate of ours shall establish or authorize any person or entity to establish a Studio using the Marks and the Franchise System within the geographic area assigned to you in **Exhibit B** (the "**Protected Area**") during the term of this Agreement. The Protected Area will be the circular geographic area having

a radius of one and one-half (1.5) miles and its center point located at the front door of the Premises, unless otherwise specified in **Exhibit B**. The license granted to you under this Agreement is personal in nature, may not be used at any location other than your Studio, does not include the right to sell products or services identified by the Marks at any location other than at your Studio, and does not include the right to sell products or services identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under this Agreement.

D. Territorial Rights We Reserve.

You acknowledge and agree that the franchise granted under this Agreement is non-exclusive. Other than your Protected Area, you have no territorial protection and we (and our affiliates) retain all rights with respect to the placement of Studios and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities, without compensation to you. These rights include:

(1) the right to establish and operate, and allow others to establish and operate, other Studios and other businesses using the Marks or the Franchise System, at any location outside the Protected Area, and on any terms and conditions we approve;

(2) the right to establish and operate, and allow others to establish and operate, additional concepts or businesses providing products or services similar to those provided at Studios anywhere in the world, including within your Protected Area, under any trade names, trademarks, service marks and commercial symbols other than the Marks;

(3) the right to establish, and allow others to establish, other distribution channels (including the internet, retail stores, gift cards, or distribution or fulfillment centers) wherever located or operating, including within your Protected Area, regardless of the nature or location of the clients, and regardless of the trade names, trademarks, service marks or commercial symbols used by such business, which may include the Marks and/or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Studios, and which may distribute or sell products and/or services that are identical or similar to, and/or competitive with, those that Studios customarily sell under any terms and conditions we approve;

(4) offer and sell (and grant others to offer and sell) goods and services to clients located anywhere, including within your Protected Area;

(5) the right to establish and operate, and allow others to establish and operate, other Studios and other businesses using the Marks or the Franchise System, at Captive Market Locations. "**Captive Market Locations**" are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Protected Area.

(6) the right to acquire the assets or ownership interests of one or more businesses providing products or services similar to those provided at Studios (including those which would constitute Competitive Businesses as defined in Section 7.A.), and franchise, license, or create similar arrangements with respect to these businesses once

acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operated (including within your Protected Area);

(7) the right to be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Studios, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses;

(8) operate or grant any third party the right to operate any Studios that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any other franchise agreement; and

(9) engage in all other activities not expressly prohibited by this Agreement.

With respect to the acquisitions referenced in subsections (6) and (7) above, you acknowledge and agree that any Competitive Businesses that are acquired (or that are operated by a company that acquires us) may be converted into Studios that operate under the Marks, regardless of their location, including Competitive Businesses that are located within your Protected Area on the date of the acquisition.

2. DEVELOPMENT AND OPENING OF THE STUDIO

A. Site Selection.

The territory identified in **Exhibit B** of this Agreement (the "**Search Territory**") is the area in which you will focus your efforts to find an acceptable location for your Studio. We are identifying the Search Territory for the sole purpose of facilitating the orderly development of the market, and not for purposes of granting you any exclusivity or protection within the Search Territory. If you request to amend the Search Territory set forth in **Exhibit B**, and we agree to such amendment, we reserve the right to charge you an administrative fee of $1,000 concurrently with executing documentation to effectuate the amended Search Territory within **Exhibit B**.

We must approve the Premises. If the location for the Premises is not specified on **Exhibit B** as of the Effective Date, then you will submit to us a complete report for a site you propose for your Studio, which must be located within the Search Territory. Unless you have our prior written approval to search for a proposed site outside of your Search Territory, all site reports that you submit to us must be for a site within your Search Territory. Your report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We may also require that you hire a commercial real estate broker that we designate, which may be one of our affiliates, to assist you with the site-selection process. You must participate in all calls or meetings we specify during the site-selection process. We will provide one feasibility and two revised feasibilities for a proposed site for your Studio at no charge, but following such three feasibilities, you must pay us $250 for each additional feasibility we generate in connection with evaluating proposed sites for your Studio.

We have the right to accept or reject all proposed sites, including any sites identified by any of our designees. We will use reasonable efforts to accept or reject the proposed site within thirty (30) days after receiving your complete report. After we approve a site, and after you secure the site, we will insert the address on the cover page of this Agreement and into **Exhibit B** and it will be the Premises.

You acknowledge and agree that your acceptance of a site is based on your own independent investigation of the site's suitability for your Studio. Neither the information we give you regarding a site

for the Premises (including any recommendations) nor the assistance we or our representatives provide you in selecting the site, constitutes a representation or warranty of any kind, express or implied, of the site's suitability for your Studio or any other purpose. Our recommendations and assistance indicate only that we believe that the site and location meet our then-acceptable criteria.

B. Lease of Site.

You must obtain our written approval of your Studio's proposed site before signing any lease, sublease, or other document for the Premises (the "**Lease**"). We also must approve the terms of the Lease before you sign it. The Lease must contain certain provisions we require, including a collateral assignment of the lease, pursuant to the form of lease rider attached as **Exhibit F** ("**Lease Rider**"). It is your sole responsibility to obtain a fully executed Lease Rider in connection with executing your Lease. Our approval of your Lease is subject to our receipt of the Lease Rider in the form attached as **Exhibit F**, without modification or negotiation, executed by you and the landlord. If you or the landlord request that we consider any modifications to the Lease Rider, and we elect to do so, we may also require you to reimburse us all expenses that we incur (including attorneys' fees and costs) in connection with such review. We may also reject any request for modifications to the Lease Rider for any reason.

Our approval of the Lease does not constitute a guarantee or warranty, express or implied, of the success or profitability of your Studio operated at the Premises. Our approval and assistance indicate only that we believe that the Lease's terms meet our then-acceptable criteria. You must deliver to us a signed copy of the Lease within ten (10) days after its execution.

C. Relocation

You may not relocate your Studio to a location other than the Premises without our prior written approval. Our decision on whether to approve or deny a relocation request will be based on our then-current standards for approving relocation requests, which may include a variety of factors, including the viability of the proposed location within the existing Studio's designated market area (as determined by us) and the availability of alternative locations. We will endeavor to provide a written response to any relocation request within thirty (30) days of receiving your written request. If we allow you to relocate your Studio, you must pay us a relocation fee of $10,000 at the time we approve your request, the relocation will be subject to the site selection and lease provisions set forth in this Agreement, you will relocate the Studio at your sole expense, and you must cooperate with us to preserve client goodwill with impacted clients (including by issuing full or partial refunds or otherwise facilitating their migration to nearby Studios which can fulfill services and paying any costs and fees to us associated with such migration).

D. Development and Construction of Your Studio.

You are responsible for developing the Premises. If you need to secure financing to complete your development obligations, you agree to do so independently and at your own expense.

You acknowledge and agree that any site surveys generated by us or our approved architects and/or contractors are not intended to imply or guarantee the success or profitability of your Studio.

You are required to use one of our approved architects, engineering, and design vendors in developing and constructing your Studio. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of $2,500.

We will give you (or if we have designated an approved supplier to develop design specifications for your Studio, we will give that approved supplier) mandatory and suggested specifications for the Premises, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. Throughout the development and construction of the Premises, we will review your plans and specifications for compliance with our design requirements. We may additionally advise you from time to time regarding the construction bidding process and other aspects of developing and constructing the Premises. You must send us any revisions of plans or specifications before such revisions are implemented.

If we approve an exception to the requirement that you use one of our approved signage vendors for your Studio's signage, you must pay us a signage exception request fee of $1,500 to review the signage fabrication drawings.

Notwithstanding any site construction and development activities and guidance we provide, you shall remain responsible for developing, constructing, and decorating the Premises at your own expense according to plans and specifications approved by us and in accordance with the requirements of the Lease and applicable law.

If you wish to refurbish or remodel the Premises during the term of the Agreement, you must obtain our approval for your proposed plans and specifications.

It is your responsibility to ensure all required construction plans and specifications comply with the Americans with Disabilities Act ("**ADA**") and all other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions, and that the Premises complies with such laws and regulations.

E. Operating Assets.

Before you open your Studio, you agree to obtain and install the fixtures, furniture, equipment, components of the Computer System (as defined in Section 2.F.), and signs that we approve for Studios as meeting our specifications and standards for quality, design, appearance, function, and performance (collectively, "**Operating Assets**"). You agree to purchase or lease the brands, types, and models of Operating Assets that we designate or approve. You agree to purchase or lease the Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

F. Computer System.

You agree to obtain and use the computer hardware, sales and scheduling software, point-of-sale system, other operating software, applications, platforms and existing or future technology components we specify from time to time (collectively, the "**Computer System**"). We may replace or modify all or partial components of the Computer System from time to time and you agree to implement our replacements or modifications after you receive notice from us at your expense. We may periodically require you to purchase, lease, and/or license new or modified components of the Computer System and to obtain service and support for the Computer System.

You must obtain and install the Computer System, and ensure that the Computer System is functioning properly, before your Studio opens.

During the Agreement's term, you must pay for any: (a) proprietary software, applications, or other technology that we, our affiliates or third-party designees license to you; and (b) other maintenance and support services that we, our affiliates or third-party designees provide. You may be required to sign a

license agreement or similar document as a condition of licensing certain proprietary software, applications, or other technology that we or our affiliates designate, develop, or maintain and such agreements may further regulate your use of such software, applications or other technology while establishing the parties' respective rights and responsibilities.

The Computer System must give us and our affiliates access to all information generated by the Computer System, including pricing information and Client Information (as defined in Section 6.A.) for your Studio. At our request, you agree to sign a release with any vendor of your Computer System providing us with unlimited access to your data.

You are solely responsible for acquiring, operating, maintaining, and upgrading: (1) the Computer System; (2) the connectivity of your Computer System (including the point-of-sale system); and (3) third-party interfaces between the Computer System and our and any third party's computer system. You are solely responsible for any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You also are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks.

G. Telephone Numbers and Social Media Accounts.

You agree that each telephone or facsimile number, directory listing, social media presence, and any other type of contact information used by or that identifies or is associated with your Studio (collectively, "**Contact Identifiers**") will be used solely to identify your Studio in accordance with this Agreement. You are required to execute the form of Assignment of Contact Identifiers and Online Presences attached as **Exhibit H** to grant us with full power and control over the Contact Identifiers and Online Presences upon any termination or expiration of this Agreement.

H. Studio Opening.

You may not open your Studio until you have received our written approval and the following has occurred:

(1) we notify you in writing that your Studio meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that your Studio complies with applicable laws, ordinances, rules, regulations, or other requirements);

(2) You (or your Operating Partner) and any manager or assistant manager we require, satisfactorily complete the Training Program (defined in Section 4.A.);

(3) You satisfactorily complete the Pre-Opening Activities (as defined and described in Section 9.A.);

(4) you pay the Initial Franchise Fee and all other amounts then due to us;

(5) you give us certificates for all required insurance policies (as described in Section 8.J.);

(6) you obtain all required supplies and opening inventory for your Studio;

(7) you obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services;

(8) you hire the equivalent of at least five (5) full-time massage therapists, subject in all instances to the licensure and background check requirements set forth in Section 8.I., in anticipation of your Studio's opening;

(9) you submit a completed trade area survey and a proposed advertising and marketing plan for approval (as described in Section 9.B.);

(10) you meet all regulatory requirements, including all state and local professional regulations; and

(11) you are otherwise in compliance with the terms of this Agreement.

Subject to your compliance with these conditions, you agree that you must open your Studio for full use by clients on or within six (6) months of the Effective Date (the "**Studio Opening Deadline**").

Notwithstanding the foregoing, we agree that we will not terminate this Agreement if: (A) you are making Reasonable Efforts (as defined below) to open the Studio; and (B) we mutually agree to amend the Studio Opening Deadline in good faith. For purposes of clarification, the following activities will constitute "Reasonable Efforts": (i) if you are actively engaged with a real estate broker and are actively looking at real estate site locations for your Studio within fifteen (15) business days prior to the Studio Opening Deadline; (ii) if you signed a letter of intent or are actively engaged in lease negotiations regarding a Lease for your Studio; or (iii) if you are actively participating in bi-weekly real estate calls with a member of our real estate team.

The date that your Studio first opens for business for full use by clients shall be referred to herein as the "**Opening Date**." Starting on the Opening Date, you must operate your Studio continuously for the remainder of the term of this Agreement during the minimum business hours we require.

3. FEES.

A. Initial Franchise Fee.

You agree to pay us a nonrecurring initial franchise fee in the amount of $40,000, unless otherwise specified in **Exhibit B** (the "**Initial Franchise Fee**") when you sign this Agreement. The Initial Franchise Fee must be paid as a lump sum by wire transfer and is fully earned by us upon execution of this Agreement and is non-refundable.

B. Royalty Fee.

You agree to pay us a monthly royalty fee (the "**Royalty**") equal to six percent (6%) of your Studio's Gross Receipts during the preceding month. We reserve the right, upon notice to you, to collect the Royalty on a weekly, rather than monthly, basis. The Royalty will be due on the dates we determine from time to time, which is currently on the 5th day of each month. If the date on which a Royalty payment would otherwise be due is not a business day, then payment shall be due on the next business day.

For purposes of this Agreement, "**Gross Receipts**" include all of your revenue and receipts, including those taken by cash, credit card, debit card, check, electronic funds transfer, ACH, trade, barter or exchange. Gross Receipts also include: (a) any other means of revenue derived from the operations of

your Studio, including the sale of Memberships (as defined in Section 8.L.), 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 or redemption of Gift Cards (as defined in Section 8.N.), in accordance with our then-current System Standards; and (c) the gross amount of any business interruption or similar insurance payments. Gross Receipts exclude: (i) sales, use or privilege taxes paid to the appropriate taxing authority; (ii) refunds that are provided to clients (not including chargebacks); and (iii) tips received from clients for payment to your employees.

You shall not charge clients any additional fees or service charges not authorized by us, including convenience fees, gift card conversion fees, credit card fees, service fees, or other surcharges.

C. Technology Fee & Set-Up Fees.

We require you to pay a fee to us, or a service provider we designate (which may be one of our affiliates), for technology-related services, including website or email hosting, help desk support, software or website development, enterprise solutions and other services associated with your Computer System and/or any Franchise System Website (as defined in Section 9.F.) (a "**Technology Fee**"). The Technology Fee is currently $700 per month, payable by ACH (as defined in Section 3.G.) on the first day of each calendar month, beginning two (2) months prior to your Studio's opening. We may modify the amount of your Technology Fee upon thirty (30) days' written notice. You must pay the Technology Fee at the times, and in the manner, designated by the provider of such services. We may require you to enter into a written agreement with the provider of any technology services, under terms and conditions we approve. If we travel to your Studio to provide any technological support and/or installation services, you must also reimburse us for the costs we incur for such site visit, including travel, food and lodging. Prior to opening your Studio, you will be required to pay us a software set-up fee of $499 and a national Gift Card program set-up fee of $75, each payable by ACH.

D. Interest on Late Payments.

All amounts that you owe us for any reason will bear interest accruing as of their original due date at one-and-one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for transaction charges and interest. You acknowledge that this Section 3.D. is not our agreement to accept any payments after they are due or our commitment to extend credit to you or otherwise finance the operation of your Studio.

E. Default Fee

If you are in default of this Agreement and we send you a default notice, you must pay us a fee between $250 and $2,500 in consideration for our administrative expenses.

F. Application of Payments.

Despite any designation you make, we may apply any of your payments to us or our affiliates to any of your past due indebtedness to us or our affiliates. We may set off any amounts you owe us or our affiliates against any amounts we or our affiliates owe you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

G. Method of Payment.

You must make all payments due under this Agreement in the manner we designate from time to time and you agree to comply with all of our payment instructions. You hereby authorize us and/or any

third party we designate to debit your business checking account automatically (sometimes referred to as "**ACH**" or "**auto-debit**") for any or all amounts due under this Agreement (the "**Automatic Bank Draft Authorization**"). You agree to execute and deliver to us any document(s) we require to evidence the Automatic Bank Draft Authorization. Our current form of Automatic Bank Draft Authorization is attached hereto as **Exhibit G**, which will remain in full force and effect during the term of this Agreement and any successor franchise terms. We or our designee will debit the business account you designate in the Automatic Bank Draft Authorization for amounts you owe us on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You must have one sole designated business account for your Studio for all payments received from clients and for all payments to be made to us. You agree to ensure that funds are available in your designated account to cover our withdrawals. You shall pay us a fee of $150 each time: (a) we attempt to debit your business account and your account is inaccessible; (b) we receive a notice of insufficient funds; or (c) you write us a check that is returned, cancelled, or dishonored. You must sign and deliver to us a revised **Exhibit G** to reflect any changes in your business checking account information at least three (3) business days prior to the next scheduled ACH due to us.

We may receive information regarding your Gross Receipts through our access to the Computer System or we may require you to submit monthly (or more frequent) Gross Receipts reports in the format we require. If we ever stop having access to information from your Computer System, and you fail to report your Studio's Gross Receipts when due, then for each payment due under this Agreement that is calculated based on Gross Receipts, we may debit your business account one hundred ten percent (110%) of the average of the last three (3) applicable payments that we debited. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Studio's true and correct Gross Receipts), we will debit your business account for the balance on any day we specify. If the amounts that we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

4. TRAINING AND ASSISTANCE.

A. Initial Training.

Before the Opening Date (or before you take possession of an existing Studio), you (or your Operating Partner) and your Designated Manager (as defined in Section 8.H.) must attend and satisfactorily complete our initial training program (the "**Training Program**"). You (or your Operating Partner) and your Designated Manager may attend the Training Program without charge. We reserve the right to later require Designated Managers to complete the manager training program described in Section 8.F. below in lieu of completing the Training Program.

Training Program participants must complete the Training Program to our satisfaction no later than ten (10) weeks before the Opening Date.

If you are acquiring an existing Studio, you must satisfactorily complete the first available Training Program offered by us after you sign this Agreement; provided, however, this requirement will not apply if, as of the Effective Date, you (or your Operating Partner) currently operate another Elements Massage® studio location and previously completed the Training Program within the preceding five (5) years.

You may invite additional employees to attend the Training Program if space allows, though we reserve the right to charge you our then-current training fee for each additional individual (currently, $500 per attendee, plus costs). We reserve the right to limit the number of additional attendees for the Training Program. We reserve the right to require any other personnel from your Studio to attend the Training Program.

We will provide the Training Program at the times and locations we determine. We reserve the right to vary the Training Program based on the experience and skill level of the individual(s) attending. You may be required to complete the Training Program, in whole or in part, and receive massage services at another Elements Massage® studio location.

You may also request that we provide any portion of the Training Program on-site at your Studio, and we will determine whether to provide such portion of the Training Program on-site. If we provide any portion of the Training Program on-site at your Studio, we reserve the right to charge our then-current training fee (including our trainers' travel and living expenses as further described in Section 4.J.).

If we provide any portion of the Training Program more than one time, we may charge you our then-current training fee for any training that we have previously provided to at least one trainee associated with you. We may also elect not to provide any portion of the Training Program more than once.

B. Failure to Complete the Training Program.

If you (or your Operating Partner) or your Designated Manager (if applicable), or any other personnel required by us, fail to satisfactorily complete the Training Program, then we reserve the right to require such individual to attend remedial training and you may be required to pay us our then-current training fee for such remedial training (currently, $500 per attendee, plus costs). Remedial training will be provided at a time and location of our choice. If you (or your Operating Partner), or any manager and/or assistant manager required by us (including any applicable Designated Manager), are unable to satisfactorily complete the remedial training, we reserve the right to terminate this Agreement.

C. Training Program for Replacement Operating Partner or Designated Manager.

If you appoint a new Operating Partner or Designated Manager, he or she may be required to attend our then-current Training Program within ninety (90) days of the appointment date and you may be required to pay us our then-current training fee (currently, $500 per attendee, plus costs), unless we determine that you are sufficiently trained to provide a comparable substitute training program to such new Operating Partner or Designated Manager. If we permit you to train any Operating Partner or Designated Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Operating Partner or Designated Manager has been adequately trained prior to providing any services at your Studio. If we determine that any Operating Partner or Designated Manager that you trained is not sufficiently trained to provide services at your Studio, we may require such person attend our Training Program and you may be required to pay us our then-current training program fee. If we determine that you are (or your Operating Partner is) sufficiently trained to provide a comparable substitute training program to any Designated Manager, we may elect not to make the Training Program available to such person until the next time our Training Program would otherwise be offered.

D. Sales Training Series and Personnel Training.

You (or your Operating Partner), any applicable Designated Manager, and your front desk personnel will be required to participate in a sales training series comprised of four (4) calls, each expected to take an hour, conducted virtually prior to and following your Studio's Opening Date or after you take possession of an existing Studio (the "**Sales Training Series**"). We will provide the Sales Training Series at the times and locations we determine. We reserve the right to vary the Sales Training Series based on the experience and skill level of the individual(s) attending and whether you are instead acquiring an existing Studio.

Except as otherwise set forth herein, you are responsible for providing a training program concerning the operation of your Studio in accordance with our System Standards for all your employees other than the attendees of the Training Program. All employees must pass the program, to your satisfaction, prior to providing services at your Studio. We reserve the right to approve the length and content of all training programs you provide to your employees and to require specific mandatory training programs for certain job positions to ensure compliance with our System Standards, including but not limited to mandatory training programs for your massage therapists.

We may periodically modify our System Standards related to Studio positions within the Franchise System, including mandatory training programs and criteria for "master" or "elite" massage therapists.

As further explained in Section 4.E., we may offer or require additional training programs for you or your employees from to time and you may be required to pay us our then-current training fee for such programs.

E. Annual Conferences & Regional Meetings; Other Training Courses, Programs, and Events.

You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You will be required to pay our then-current registration fee, which we reserve the right to collect via ACH for at least one attendee on behalf of your Studio no later than sixty (60) days prior to the scheduled annual conference unless you obtain a written attendance waiver from us. If you do not attend, we may additionally charge you a default fee (as set forth in Section 3.E.) for failing to attend.

We may require you (or your Operating Partner) to attend regional meetings for franchise owners. These annual conferences and regional meetings will be held when we determine at locations we designate.

We may require you and/or certain other employees of your Studio (including any applicable Designated Manager) to attend or otherwise complete various in-person or electronic training courses, trade shows, ongoing education or certification programs, franchisor-sponsored performance groups, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. You may be required to pay fees to third-parties or pay us our then-current training fee for such courses and programs.

F. Manager Training Program.

Before or after the Opening Date, based on the factors we determine, we may offer you (or your Operating Partner) and any applicable Designated Manager the opportunity to attend a manager training program. If we offer such training and you elect to attend such training, you may be required to pay us our then-current training fee (currently, $500 per day per attendee, plus costs). We do not currently require attendance and completion of this manager training program, but we may do so in the future.

G. On-Site Opening Assistance for New Studios.

Prior to opening your Studio, we may send an operations team we determine (which may be comprised of only one (1) person) for a minimum of three (3) days and up to a maximum of six (6) days (which may not be consecutive) to your Studio to assist you with final suggestions on your Studio and provide on-site advice, guidance, and initial operations support.

This Section 4.G. does not apply if you are acquiring an existing Studio.

H. On-Site Assistance for Existing Studios Following Transfer.

If you are acquiring an existing Studio, we will provide certain virtual advice, guidance, and initial operations support.

We may, but are not obligated to, send a training team we determine (which may be comprised of only one (1) person) to your Studio for up to three (3) days (which may not be consecutive) based on factors we determine. If we choose to provide such a training team, you may be required to temporarily close the Studio to facilitate such on-site training. If we do not choose to provide such a training team or if you would like additional on-site support, you may request such additional or special support for our then-current training fee as further described in Section 4.I. below.

I. General Guidance; Additional or Special Training.

We may advise you from time to time regarding your Studio's operation based on your reports or our inspections. We may guide you with respect to: (1) standards, specifications, and operating procedures and methods that Studios use, including, facility appearance, client-service procedures, and quality control; (2) equipment and facility maintenance; (3) inventory management and working with suppliers; (4) advertising, marketing and branding strategies; and (5) administrative, accounting, reporting and record retention. Such guidance will be furnished in the form of our Operations Manual (as defined in Section 4.K.). We may also provide guidance virtually or via telephonic conversations and/or consultation at our offices and we may require you to participate in certain calls or meetings we specify.

If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current training fee (currently, $500 per day per attendee or trainer, depending on the training to be provided), including our travel and living expenses as further described in Section 4.J.

We reserve the right to periodically visit the Premises and evaluate your Studio, including on an unannounced basis as further set forth in Section 11.A.

J. Travel and Living Expenses.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Partner) or any employee or manager (including any applicable Designated Manager) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Studio to conduct training, including food, lodging and transportation.

K. Operations Manual.

We will make one (1) copy of our manual for the operation of Studios available to you during the term of this Agreement, which may include one or more separate manuals, as well as information available on an internet site, other electronic media, bulletins and/or other written materials (collectively, the "**Operations Manual**"). The Operations Manual contains the mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Studio ("**System Standards**"), other specifications, standards and procedures that we suggest, and information on your other obligations under this Agreement. Any mandatory specifications, standards, operating procedures, and rules exist to protect our interests in the Franchise System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. We may modify the Operations Manual at any time.

If there is a dispute over its contents, our master copy of the Operations Manual shall control. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than any employee of yours who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual.

You agree to keep your copy of the Operations Manual current and in a secure location at your Studio. At our option, we may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. If we do so, you agree to monitor and access the website or extranet for any updates to the Operations Manual. Any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet will be deemed to be part of Confidential Information (as defined in Section 6 below).

5. MARKS.

A. Ownership and Goodwill of Marks.

Your right to use the Marks is derived only from this Agreement and is limited to the operation of your Studio according to this Agreement and all System Standards we prescribe during the term of this Agreement. Your unauthorized use of the Marks constitutes a breach of this Agreement and infringes our rights in the Marks. Your unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and this Agreement does not confer any goodwill or other interests in the Marks to you (other than the right to operate your Studio under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest, or assist any other person in contesting, the validity, ownership, distinctiveness, or enforceability of the Marks.

B. Limitations on Your Use of Marks.

You agree to use the Marks as your Studio's sole identification, except that you agree to identify yourself as its independent owner and operator in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any website, domain name, email address, social media account, other online presence or presence on any electronic medium of any kind (each an "**Online Presence**"), except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing from time to time; (5) in advertising the transfer, sale, or other disposition of your Studio or an ownership interest in you without our prior consent; (6) in connection with any tobacco products, pornography or other obscene or profane materials, gambling, firearms, ammunition or materials that depict or glorify violence; or (7) in any other manner that we have not expressly authorized in writing. You agree to display the Marks prominently as we prescribe at your Studio and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. Notification of Infringements and Claims.

You agree to notify us immediately of any known, actual, suspected, threatened, or apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. You may not settle any claim without our written consent. We may take

any action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take.

D. Discontinuance of Use of Marks.

We may at any time require you to modify or discontinue using any Mark and/or use one or more additional or substitute Marks. You agree to replace the Marks at your Studio with the modified, additional, or substitute Marks we specify and comply with all other directions we give regarding the Marks at your Studio within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. Our rights in this Section 5.D. apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. You acknowledge both our right to take this action and your obligation to comply with our directions.

E. Indemnification for Use of Marks.

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding and complied with our directions in responding to it and have used the Marks in accordance with the terms of this Agreement. We will not pay any of your attorneys' costs or fees if you hire your own attorney. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

6. CONFIDENTIAL INFORMATION.

A. Confidential Information.

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating Studios, including:

(1) training and operations materials, including the Operations Manual;

(2) the System Standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Studios;

(3) market research, promotional, marketing and advertising strategies and programs for Studios;

(4) strategic plans, including expansion strategies and targeted demographics;

(5) knowledge of, specifications for and suppliers of, and methods of ordering, Operating Assets and other products and supplies;

(6) any computer software or similar technology which is proprietary to us or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of Studios (other than your Studio);

(8) information generated by, or used or developed in, your Studio's operation, including information relating to clients such as client names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the Computer System ("**Client Information**"); and

(9) any other information designated as confidential or proprietary by us.

All Confidential Information will be owned by us. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Studio during this Agreement's term, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you and your owners:

(a) will not use Confidential Information in any other business or capacity and the use or duplication of any Confidential Information in any other business or capacity would constitute an unfair method of competition;

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter;

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including by restricting its disclosure and/or by requiring persons who have access to the Confidential Information to execute confidentiality and non-solicitation agreements in the form attached as **Exhibit D**; and

(e) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Confidential Information does not include information, knowledge, or know-how, which: (i) before we provided it to you, lawfully came to your attention, (ii) before we disclosed it to you, had already lawfully become known to you through publication or communication by others (without violating an obligation to us or our affiliates), or (iii) after we disclosed it to you, lawfully becomes known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Studio, or derivative works based on the Marks or any Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and

exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a "work made-for-hire" for us, you hereby assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

B. Trade Secrets.

You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which Studios conduct business including: methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; and any other materials clearly marked or labeled as trade secrets. You agree that the forgoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You agree that you derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person. You agree to take reasonable measures, as we may describe further in the Operations Manual, to keep such information secret. Upon termination of this Agreement, you must not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to our business and/or the manner in which it is conducted.

7. EXCLUSIVE RELATIONSHIP DURING TERM.

A. Covenants Against Competition.

You acknowledge that we have granted you a franchise in consideration of and reliance on your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, neither you, any of your owners, nor any of your or your owners' immediate family members will:

(1) have any direct or indirect controlling or non-controlling ownership interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) act as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or client of your Studio to a Competitive Business; or

(4) engage in any other activity which might injure the goodwill of the Marks and Franchise System.

You agree to obtain similar covenants from your personnel as we specify, including officers, directors, managers and other employees attending our Training Program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

The term "**Competitive Business**" means any business (excluding any Studios operated under a franchise agreement with us or our affiliates) operating, or granting, franchises or licenses to others to operate any business that: (i) offers therapeutic massage or bodywork services or other massage services; and/or (ii) offers or sells products or educational materials, or conducts workshops, that are the same as or similar to products, educational materials, and workshops, offered by us or other Studios.

B. Non-Interference.

You further agree that, during the term of this Agreement, neither you, any of your owners, nor any of your or your owners' immediate family members will solicit, interfere, or attempt to interfere with our or our affiliates' relationships with any clients, vendors, or consultants.

C. Non-Disparagement.

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to): (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, the "Elements Massage" brand, the Franchise System, any Studio, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the "Elements Massage" brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the "Elements Massage" brand.

8. SYSTEM STANDARDS.

A. Compliance with System Standards.

You acknowledge and agree that operating and maintaining your Studio according to our System Standards is essential to preserve the goodwill of the Marks and all Studios. Therefore, you agree, at all times, to operate and maintain your Studio according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard is not in the Franchise System's or your best interests. Although we retain the right to establish and periodically modify System Standards, you are solely responsible for the management and operation of your Studio and for implementing and maintaining System Standards at your Studio.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 8.B. through 8.N. below:

(1) amounts and types of equipment and inventory you must purchase and/or maintain;

(2) sales, marketing, advertising, and promotional campaigns, including prize contests, sweepstakes, special offers and other national, regional or location marketing programs, and any materials and media to be used in these programs (including but not limited to the programs described in Section 9.G.);

(3) if we require you to offer any off-site services, the methods you use to operate, offer, and sell such services;

(4) use and display of the Marks at your Studios and on uniforms, labels, forms, paper, products, and other supplies;

(5) issuing and honoring gift cards, gift certificates and similar items, and participating in loyalty card programs;

(6) pre-opening and ongoing staffing levels for your Studio; and employee credentials and qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);

(7) days and hours of operation;

(8) client-service standards and policies, and participation in Quality Assurance Inspections (as defined in Section 8.B.);

(9) product and service development programs, including required participation in market research and testing;

(10) participation in, and dues assessed for, advisory councils;

(11) accepting cash, credit and debit cards, other payment systems, and check-verification services (and any evolutions or "next generations" of any of the foregoing payment methods);

(12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and

(13) any other aspects of operating and maintaining your Studio that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Studios.

B. Variation and Modification of System Standards.

You acknowledge that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right to vary System Standards for any franchise owner as we determine. We may choose not to authorize similar variations or accommodations to you or other franchise owners. We may also permit variations in the System Standards between Studios owned by us (or our affiliates) and Studios owned by franchisees.

We will periodically modify System Standards. These modifications may obligate you to invest additional capital in your Studio and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we specify, whether they involve refurbishing or remodeling your Studio, buying new Operating Assets, adding new products and services, adding personnel or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date. We may require you, at your expense, to conduct or engage mystery shopper services, client surveys, client satisfaction programs, other market research tests, or quality-assurance inspections at your Studio (collectively, "**Quality Assurance Inspections**").

C. Condition and Appearance of Your Studio.

During the term of this Agreement, you must regularly clean, repaint, and repair the interior and exterior of the Premises, repair or replace damaged, worn-out, or obsolete Operating Assets, and otherwise

maintain the condition of your Studio, the Premises, and the Operating Assets to meet the highest standards of professionalism, cleanliness, sanitation, efficiency, courteous service, and pleasant ambiance.

You will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve.

D. Approved Products and Services.

You agree that: (1) you will offer for sale or sell at your Studio only the products and services that we specify from time to time; (2) you will offer for sale or sell at your Studio approved products and services only in the manner and at the locations we have prescribed and will not sell any products or services wholesale or through alternative channels of distribution (including, the internet or retail stores); (3) you will not offer for sale or sell at your Studio, the Premises or any other location any products or services we have not approved (including any off-site services we have not authorized); (4) you will discontinue selling and offering for sale at your Studio any products or services that we at any time decide to disapprove; (5) you will purchase and use only the brands, types, or models of products, materials, supplies and services (including the Operating Assets and the Computer System) that we designate for operating your Studio; and (6) your Studio will provide services and sell products only on the days and during the hours approved by us.

If we at any time (including after our initial approval) determine that you fail to meet our System Standards for providing any products or services that we require, we may permanently or temporarily terminate your right to offer such products or services; provided that nothing contained herein shall be deemed a waiver of our right to terminate pursuant to Section 14.

E. Approved Distributors and Suppliers.

We may designate, approve or develop standards and specifications for manufacturers, distributors and suppliers of products and services to your Studio, which may be us or our affiliates (collectively, "**suppliers**"). You must purchase the products and services we periodically designate only from the suppliers we prescribe and only on the terms and according to the specifications we approve. We may designate a single supplier for any product, service (including digital marketing and advertising services), Operating Asset, or other material, or approve a supplier only for certain products, and you understand and agree that we or our affiliate(s) may be one of, or the sole, designated suppliers.

You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases (including from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue or profit without restriction.

Unless we designate certain items or services used in the development or operation of your Studio that you may purchase from a supplier of your choosing, you must purchase those items or services only from suppliers that are then approved by us. If you would like us to consider approving a supplier that is not then approved, you must submit your request in writing before purchasing any items or services from that supplier. We will not be obligated to respond to your request or make our specific criteria available to you, and we may require that you pay us a fee to compensate us for the time and resources we spend in evaluating the proposed supplier (which may be set forth in the Operations Manual and vary depending on our administrative expenses in evaluating the request and its complexity). Approval of a supplier may be conditioned on any factors we determine, including but not limited to requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, and standards of service. We

may require you, at your expense, to submit samples, documentation, or other materials for review in evaluating the supplier. We may, with or without cause, revoke our approval of any supplier or otherwise revise our supplier approval process at any time. If we revoke our approval for a supplier, you must immediately stop using and purchasing items or supplies from such supplier.

F. Compliance with Laws and Good Business Practices.

You must secure and maintain all required licenses, permits and certificates relating to your Studio and must, at all times, operate your Studio in full compliance with all applicable laws, ordinances, and regulations. You agree to comply and assist us in our compliance efforts with any and all laws and regulations, including those relating to truth-in-lending, massage and bodywork businesses, safety and sanitation, truth-in-advertising, occupational hazards, health and anti-discrimination laws (including, but not limited to, the Health Insurance Portability and Accountability Act of 1996, if applicable to your Studio), and anti-terrorist activities (including the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations). In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Studio as may be required by us or by law. You confirm that you and your owners are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities (as provided in Section 16.D.) apply to your obligations under this Section 8.F.

You and your employees must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with fellow franchise owners, clients, suppliers, us and the public. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks and other Studios. Except as otherwise set forth in the Operations Manual, you must notify us in writing within five (5) days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of your Studio and of any notice of violation of any law, ordinance, or regulation relating to your Studio.

G. Information Security.

You must implement all administrative, physical and technical safeguards required under applicable law or that we require to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("**Personal Information**"), which includes complying with then-current Payment Card Industry Data Security Standards currently found at www.pcisecuritystandards.org, or any similar or subsequent standard, for the protection of cardholder data throughout the term of this Agreement. By way of example and not limitation, you shall institute a data privacy and security policy at your Studio to safeguard the Personal Information. No assistance, guidance, standards or requirements that we provide you constitute a representation or warranty of any kind, express or implied, that your Studio or business is compliant with federal, state, or local privacy and data laws, codes, or regulations, or acceptable industry standards. It is your responsibility to confirm that the safeguards you use to protect Personal Information comply with all laws and industry best practices related to the collection, access use, storage, disposal and disclosure of Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you must notify us immediately and specify the extent to which Personal Information

was compromised or disclosed. We reserve the right to conduct a data security and privacy audit of your Studio and your Computer System at any time, from time to time, to ensure that you are complying with our requirements for handling Personal Information. You shall pay the cost of such audit. You agree to cooperate with us fully during this audit. If we exercise any of these rights, we will not interfere unreasonably with your Studio's operation.

H. Management of Your Studio.

Subject to the terms and conditions of this Agreement, you are solely responsible for the management, direction and control of your Studio. However, you (or your Operating Partner) may elect not to supervise your Studio on a full-time basis, provided that you appoint a manager who has completed our then-current Training Program (or alternatively, the manager training program described in Section 4.F. as we may determine) to work full-time at your Studio (your "**Designated Manager**"). Your Designated Manager must supervise the management and day-to-day operations of your Studio and continuously exert their best efforts to promote and enhance your Studio and the goodwill associated with the Marks. You must identify your Designated Manager on **Exhibit A**. If you intend to appoint a Designated Manager prior to the Studio's Opening Date, you must do so at least ten (10) weeks prior to such date in order for your initial Designated Manager to attend and complete the Training Program in a timely manner. If you elect not to appoint a Designated Manager, your Designated Manager's employment at your Studio is terminated, or we disapprove your Designated Manager at any time, you (or your Operating Partner) must immediately assume the full-time responsibilities of supervising the management and day-to-day operations of your Studio and continuously exert your best efforts to promote and enhance your Studio and the goodwill associated with the Marks pursuant to the terms of this Agreement. You must notify us of any changes to your Designated Manager's employment as set forth in the Operations Manual.

I. Employees, Agents, and Independent Contractors.

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Studio. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Studio in compliance with federal, state, and local employment laws. Any best practices or sample resources we provide related to the foregoing employment matters are optional and for recommendation purposes only.

You must perform background checks (meeting the standards we set forth in the Operations Manual) for all employees you hire and update such background checks as specified in the Operations Manual. These requirements may affect who you may hire.

You must ensure that all your massage therapists are properly licensed (if required in your jurisdiction) and have adequate insurance, including professional liability insurance or its equivalent.

We reserve the right to require that any employee, agent or independent contractor that you hire execute a confidentiality and non-solicitation agreement to protect the Confidential Information. We reserve the right to regulate the form of confidentiality and non-solicitation agreement that you use (including by requiring you to use the agreement attached as **Exhibit D**) and to be a third-party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of confidentiality and non-solicitation agreement that we require you to use, provide to you, or regulate the terms of (including the agreement attached as **Exhibit D**) may or may not be enforceable in a particular jurisdiction. You agree

that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-solicitation agreement that your employees, agents and independent contractors sign.

J. Insurance.

During the term of this Agreement you must maintain in force at your sole expense general liability, professional liability, sexual abuse and molestation, cyber-liability, motor vehicle liability, property, worker's compensation, employment practices liability, and other types of insurance we require. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated vendor and on the terms and according to the specifications we approve. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Studio's operation or activities of your personnel in the course of their employment (within and outside your Studio and the Premises). All policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

Other than employment practices coverage, the policies must be occurrence policies, and not claims-made policies. Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us copies of your Certificates of Insurance, insurance policy endorsements or other evidence of your maintaining this insurance coverage and paying premiums.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Studio's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Studio that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances. No insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations under Section 16.D. or otherwise.

K. Pricing.

Subject to applicable law, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Studio. If we impose a maximum advertised price for any product or service, you may not advertise a higher price for the product or service than the maximum advertised price we impose. If we impose a minimum advertised price for any product or service, you may not advertise a lower price for such product or service than the minimum advertised price we impose. Further, you must comply with any advertising policy we adopt which may prohibit you from advertising any price for a product or service that is different than our suggested retail price.

L. Membership Sales.

You must offer and sell rights of access to your Studio, referred to as a "**Membership**" or "**Memberships**." All Memberships must be evidenced by a written agreement (a "**Membership Agreement**") and may not be for a term that extends beyond the expiration of this Agreement. When selling

Memberships, you will use the form of Membership Agreement that we will provide to you, and you will not make any modifications in the forms without our prior written consent. Notwithstanding the foregoing, you acknowledge that you are responsible for ensuring that the Membership Agreements comply with all applicable laws and you may modify the Membership Agreements to the extent necessary to comply with such applicable laws, provided that you provide us with immediate written notice of all such modifications. We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale at any time, including before your Studio opens for business.

You will only offer for sale the Memberships in strict compliance with our System Standards. These System Standards may regulate, among others, the following topics: (1) the types and terms of Memberships you may offer; (2) the form(s) of Membership Agreement; (3) the terms and conditions upon which a client may transfer their Membership from your Studio to another Studio and vice versa; (4) admission of clients of your Studio to other Studios, or vice versa, including payment allocations due to Studios which provide services; (5) procedures to follow when clients transfer to or from your Studio; (6) use and acceptance of coupons, passes, and certificates; (7) group accounts and group Memberships (and discounts applicable thereto); and (8) payment terms for Memberships.

You agree, upon notice from us, to accept any Memberships we assign to you, honor those Memberships on the terms and conditions of the existing Membership Agreements, and to accept as remuneration only such payments as accrue pursuant to the applicable Membership Agreement from the time of assignment.

M. Audio Entertainment.

You must play the types of music we require. You must acquire or install any audio equipment that we designate or require for use by your Studio and subscribe to music services as we may periodically specify to enable you to broadcast music and other content as specified by us from time to time. We may prohibit you from displaying, exhibiting, broadcasting or providing any media we choose, regardless of content, including prohibiting use of political, religious, or social content in such media.

N. Gift Cards and Loyalty Programs.

You must participate in all gift card, gift certificate, loyalty card, promotional card, award card, or other similar prepaid card, code or other device (collectively, "**Gift Cards**") programs and loyalty programs we periodically establish or approve for Studios, including but not limited to cross-promotional Gift Card and loyalty programs with our affiliated brands. You acknowledge and agree that we may charge you a fee in connection with your participation in these programs, which may include the cost of any third-party vendor commissions or fees incurred by us in connection with the programs. You must purchase Gift Cards from our designated suppliers and must use and honor Gift Cards only in the manner we designate and require. We may establish and periodically modify System Standards for calculating Gross Receipts for revenue associated with Gift Cards. Participation in loyalty programs may require you to honor redemption policies that we implement from time to time, which may require you to provide services or products without charge or to reimburse other Studios for services and products provided by them. Participation in Gift Card and loyalty programs may further require you to enter into written agreements with designated suppliers under terms and conditions we approve for purposes which may include, but are not limited to, enabling your Studio to enroll in and process transactions related to such programs.

O. Prize Promotions.

We may develop contests, sweepstakes, and other prize promotions from time to time and we will communicate to you in writing the details of each such program or promotion and you shall display all

point-of-sale advertising and promotion-related information at such plans within the Studio as we may designate.

P. Promotional Literature.

You must purchase and distribute all coupons and other collateral merchandise (including products to be given away as a free gift with purchase) designated by us for use in connection with any Gift Card programs, loyalty programs, or contests, sweepstakes, or other prize promotions we periodically establish or approve for Studios. You must display at the Studio all promotional literature and information as we may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about Elements Massage® franchise opportunities.

9. MARKETING.

A. Grand Opening Spend Requirement, Pre-Opening Activities, and Re-Opening Activities.

No later than ten (10) days after the date that you sign an approved Lease for the Premises, you must pay to us, in the form of a lump sum payment, by ACH, the amount of $20,000 as a non-refundable grand opening spend fee (the "**Grand Opening Spend Requirement**"); provided, however, if you are purchasing an existing Studio, the Grand Opening Spend Requirement will be due no later than ten (10) days after the date you take possession of the Studio. We will use the Grand Opening Spend Requirement to advertise, market, and promote your Studio using any suppliers we may designate in accordance with a marketing and recruiting plan that we determine, which may include pre-opening Membership sales, recruitment of service providers, and related local promotional campaigns. The Grand Opening Spend Requirement is in addition to your Local Marketing Spend Requirement described below, although you may choose to spend more toward pre-opening marketing and recruiting activities.

Notwithstanding our collection of the Grand Opening Spend Requirement, you and your Designated Manager (as applicable) are required to satisfactorily complete the following marketing and promotional activities prior to your Studio's Opening Date (the "**Pre-Opening Activities**"), or alternatively, after you take possession of an existing Studio (the "**Re-Opening Activities**," as applicable):

(1) Participate in no fewer than ten (10) approved advertising, marketing and promotional events within an area reasonably surrounding your Studio prior to the Studio's Opening Date, or alternatively, a mutually determined number of such events with respect to Re-Opening Activities;

(2) Actively cooperate with us and any of our designated suppliers in selling Memberships and scheduling services to be performed at the Studio in accordance with approved marketing and promotional offers for Pre-Opening Activities and Re-Opening Activities. As part of the Pre-Opening Activities, the parties will mutually identify Membership sales targets which you must achieve before your Studio will be permitted to open. With respect to Re-Opening Activities, the parties may mutually identify an alternative date for such targets to be achieved;

(3) Complete the Sales Training Series described in Section 4.D. above;

(4) Attend all on-site training programs required by us, including but not limited to the training programs described in Section 4.G. above; and

(5) Participate in all calls or meetings we specify concerning the Pre-Opening Activities and Re-Opening Activities (as applicable).

B. Local Marketing Spend Requirement.

(1) You must pay us, or a third-party vendor we designate, a minimum "**Local Advertising Fee**" each month, which is currently $2,000 per month. We or our designated third-party vendor will use the Local Advertising Fee toward paid digital advertising programs (and any evolutions or "next generations" thereof) for your Studio within an area reasonably surrounding your Studio, which may include but not be limited to social media advertising and search engine marketing. We may periodically increase or otherwise modify the amount of your Local Advertising Fee or its accompanying digital advertising programs and resources upon thirty (30) days' written notice to you. We currently collect the Local Advertising Fee by ACH on the fifteenth (15th) day of each month for the preceding month. We may change the day of the month on which we collect the Local Advertising Fee. If we designate a third-party vendor to administer the paid digital advertising programs described above, you may be required to sign a participation agreement or similar document with such third-party vendor which will include payment terms regarding the Local Advertising Fee.

(2) You must additionally spend a minimum of two percent (2%) of the Gross Receipts of your Studio each month toward approved advertising, marketing and promotional programs for your Studio within an area reasonably surrounding your Studio (the "**Local Spend Amount**"). We may periodically increase the amount of your Local Spend Amount upon thirty (30) days' written notice to you. We refer to the Local Advertising Fee and your Local Spend Amount together as the "**Local Marketing Spend Requirement**." Your Local Marketing Spend Requirement excludes any contributions you make to the Brand Marketing Fund, defined in Section 9.D. below, but any contributions you make to a Marketing Cooperative, defined in Section 9.E. below, will count toward your Local Spend Amount. Your required Marketing Cooperative contributions could, by themselves, exceed the Local Spend Amount.

(3) For at least six (6) months after the Studio's Opening Date, or after you take possession of an existing Studio, you must participate in a minimum of one (1) approved advertising, marketing and promotional event per month within an area reasonably surrounding your Studio.

(4) We or our affiliates may be a supplier of local advertising, marketing and promotional programs for your Studio.

(5) You must submit to us, within ten (10) days following our request, an advertising and marketing plan for approval which describes your plan for the first three (3) months after opening your Studio or purchasing an existing Studio. In addition, during the term of this Agreement, you must prepare and execute an advertising and marketing plan that you must provide to us within thirty (30) days of our request. You must also provide to us within thirty (30) days of our request reasonable and obtainable information about the results achieved from implementing your advertising and marketing plan and meeting your Local Marketing Spend Requirement. In addition, we have the right to review your books and records from time to time to determine your expenditures for the Local Marketing Spend Requirement. Lastly, you must

participate in any calls or meetings we specify concerning your Local Marketing Spend Requirement, including but not limited to any calls or meetings specified by us during the first ninety (90) days following your Studio's Opening Date or after you take possession of an existing Studio.

C. Advertising by You.

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading. You further agree that you must conform to the highest standards of ethical advertising, our System Standards, and any advertising and marketing policies that we prescribe from time to time in advertising and promoting your Studio. You may not use any advertising, promotional, or marketing materials that we have not approved or which we have previously disapproved. If you wish to use any advertising, promotional, or marketing materials that we have not previously approved, you must send us samples of all materials at least fourteen (14) days before you intend to use them. If we do not approve of the materials within seven (7) days of our receipt of such materials, then they shall automatically be deemed disapproved. You must participate in and market any promotion we require, including but not limited to the programs described in Section 9.G. You may not prepare any translation or transliteration of any promotional materials that we have provided to you, and you may not make any changes to any depiction or use of any Marks in or on such promotional materials (other than minor changes to the size or placement or the like that are otherwise consistent with our standards and specifications related to advertising, marketing, and trademark use).

D. Brand Marketing Fund.

We have established an advertising and marketing fund (the "**Brand Marketing Fund**") for the marketing, recruiting, advertising, and promotional programs and materials we deem appropriate that will be used nationally, regionally, or locally, and you agree to contribute to the Brand Marketing Fund an amount equal to two percent (2%) of the Gross Receipts of your Studio. We may increase the amount you are required to contribute to the Brand Marketing Fund upon thirty (30) days' written notice, but you will not be required to contribute more than four percent (4%) of the Gross Receipts of your Studio. Your contribution to the Brand Marketing Fund shall be payable at the same time as the payment of the Royalty, based on Gross Receipts for the immediately preceding reporting period. We have the right to collect for deposit into the Brand Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers to the Franchise System who instruct us to use the allowances for advertising or marketing purposes. We may incorporate the Brand Marketing Fund or operate it through a separate entity as we deem appropriate. We have no fiduciary obligations to you in connection with our administration of the Brand Marketing Fund. We do not use any of the funds contributed to the Brand Marketing Fund principally to solicit new franchise sales. If we or our affiliates own any Studios, those Studios make contributions to the Brand Marketing Fund on the same basis as you and our other franchisees.

We designate all programs to be financed by the Brand Marketing Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their geographic, market, and media placement and allocation. The Brand Marketing Fund may be used for any purpose to promote the Franchise System, the Marks, the patronage of Studios, and the Elements Massage brand generally as we determine, including paying for: (1) preparing and producing video, audio, and written materials (including marketing and promotional materials and local studio marketing advertisements we prepare) and electronic media; (2) administering national, regional, multi-regional, international, and local marketing, recruiting, advertising, and promotional programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; (3) supporting public relations, market research, and other marketing, recruiting, advertising, and promotional activities; (4) developing and maintaining website(s) for the Franchise

System; (5) administering online marketing, recruiting, advertising, and promotional campaigns (including search engine, social media, email, and display ad campaigns); and (6) developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices. We determine the use of the funds contributed to the Brand Marketing Fund, including allocating a portion of any Brand Marketing Fund contributions to any national, regional, multi-regional, international, or local marketing, recruiting, advertising, and promotional programs we may establish in the future. We are not required to spend any particular amount on marketing, recruiting, advertising or promotion in the area in which your Studio will be located. In addition, we are not required to ensure that Brand Marketing Fund expenditures for or affecting any geographic area be proportionate or equivalent to Brand Marketing Fund contributions by Studios operating in that area, or that any Studio benefits from the development or placement of marketing, recruiting, advertising, or promotional materials directly or in proportion to its Brand Marketing Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Marketing Fund. Except as specifically provided in this Agreement, we assume no other direct or indirect liability or obligation to you for collecting amounts due, or maintaining, directing, or administering the Brand Marketing Fund.

We account for the Brand Marketing Fund separately from our other funds and do not use the Brand Marketing 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 Marketing Fund and its programs, including conducting market research, preparing marketing, recruiting, advertising, and promotional materials, and collecting and accounting for Brand Marketing Fund contributions. The Brand Marketing Fund may spend in any fiscal year more or less than the total Brand Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we terminate the Brand Marketing Fund, we will spend all unspent amounts on marketing activities specified by this Section 9.D.

We prepare annual unaudited statement of contributions and disbursements for the Brand Marketing Fund that are available to you upon written request one hundred and twenty (120) days after the end of the Brand Marketing Fund's fiscal year for the previous fiscal year. We are not required to audit the Brand Marketing Fund.

E. Marketing Cooperative.

We may designate a geographic area in which three (3) or more Studios are located as an area in which to establish a marketing cooperative ("**Marketing Cooperative**"). The Marketing Cooperative's members will include all Studios operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Studio. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may designate, approve or develop standards and specifications for Marketing Cooperative suppliers. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. All Marketing Cooperatives will be governed by written documentation we designate or approve. Such documentation is available for Marketing Cooperative member review. We may form, modify, change, dissolve, or merge Marketing Cooperatives. We will not use funds contributed to a Marketing Cooperative to solicit new franchise sales.

F. Franchise System Website.

We may establish, acquire, or host any website(s) for recruitment purposes or to advertise, market, and promote Studios, the products and services that they offer and sell, and/or a Studio franchise opportunity (a "**Franchise System Website**"). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Studio. If we provide you with a webpage on a Franchise System Website, you must: (1) provide us the information and materials we request to develop, update, and modify your webpage; (2) notify us whenever any information on your webpage is not accurate; and (3) obtain our prior approval for any proposed changes to the content or coding of your webpage (if we choose to grant you any abilities to modify your webpage). We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply). If we provide you with a webpage on a Franchise System Website, we reserve the right to charge you a fee for such webpage as part of the Technology Fee. We periodically may update and modify any Franchise System Website (including your webpage).

Even if we provide you a webpage on a Franchise System Website, we will only maintain this webpage while you are in full compliance with this Agreement and all System Standards we implement (including those relating to Franchise System Websites). If you are in default of any obligation under this Agreement or our System Standards, then we may temporarily remove your webpage from any Franchise System Website (or all Franchise System Websites) until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon this Agreement's expiration or termination.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions, which may include additional monthly fees.

Except as provided above, or as approved by us in writing or in the Operations Manual, you may not develop, maintain or authorize any Online Presence that mentions your Studio, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of your Studio, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We may require you to delete any content from any Online Presence that we deem likely to substantively and adversely impact the substance or protectability of the Marks or any other intellectual property contemplated in this Agreement or the goodwill, prestige, reputation, or value of Marks or such intellectual property, and if such content cannot be deleted, you will cooperate with us to actively, diligently, and meaningfully mitigate the impact of such content on the Marks or other intellectual property. We will own the rights to each such Online Presence. At our request, you agree to grant us administrative access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

G. Additional Marketing Programs.

You must at all times cooperate with us and other franchisees of ours and must actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions and cross-brand promotional programs with our affiliated brands) which may be developed or implemented by us. Participation may include, without limitation, purchasing (at your expense) and using: (a) point of sale materials, (b) counter cards, displays, and give-away items promoting loyalty programs, prize promotions,

and other marketing campaigns and programs, and (c) equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You must use the Computer System to maintain certain sales data, Client Information, and other information. You agree that we will, at all times, have access to your Computer System and that we have the right to collect and retain from the Computer System any and all data concerning your Studio. We may require that you hire a designated supplier as your provider of accounting, payroll and/or bookkeeping services. If we identify a designated supplier for accounting, payroll and/or bookkeeping services, you agree to engage and cooperate with such designated supplier and provide such designated supplier with all information you would appropriately provide us under this Section 10.

Each month, you agree to generate, in the manner and format that we may prescribe from time to time, an income statement (including a standard chart of the accounts designated by us) for your Studio covering the most recently completed month. On our request, you agree to send us such statements. You also agree to give us in the manner and format that we prescribe from time to time:

(1) on or before the Royalty payment, a report on your Studio's Gross Receipts during the preceding calendar month (or week if we elect to collect Royalties on a weekly basis);

(2) within twenty-five (25) days after the end of each calendar month, the operating statements, financial statements, statistical reports and other information we request regarding your Studio covering the preceding month;

(3) within the time limits specified in the Operations Manual, such other periodic operating statements, financial statements, statistical reports and other information we request regarding you and your Studio;

(4) by March 30 of each year, annual profit and loss and source and use of funds statements and a balance sheet for your Studio as of the end of the prior calendar year, including all adjustments necessary for a fair presentation of your financial results; and

(5) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Studio.

One of your officers must certify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in materials that we circulate publicly.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at your Studio for at least three (3) years (including sales checks, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts journals, cash disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during the term of this Agreement.

11. INSPECTIONS AND AUDITS.

A. Our Right to Inspect Your Studio.

To determine whether you and your Studio are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you, but in all cases subject to client privacy: (1) inspect your Studio; (2) photograph your Studio and observe and videotape your Studio's operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor your Studio using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) interview your Studio's personnel and clients; (6) inspect your Computer System, including hardware, software, security, configurations, connectivity, and data access; and (7) inspect and copy any books, records, and documents relating to your Studio's operation. We may designate certain books, records, and documents which must be available for on-site inspection. Additionally, we may contract with third parties to conduct Quality Assurance Inspections at your Studio and we reserve the right to seek reimbursement of all associated costs and expenses. You agree to cooperate with us fully during these inspections and tests. If we exercise any of these rights, we will not interfere unreasonably with your Studio's operation.

B. Our Right to Audit.

We may at any time during your business hours, and without prior notice to you, examine all of your and your Studio's business, bookkeeping, and accounting records, sales and income tax records and returns, and any other records necessary to complete an audit, and we may require that you send us copies of such records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Studio's Gross Receipts, you agree to pay us the Royalty, Brand Marketing Fund contribution, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within fifteen (15) days after receiving the examination report. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Receipts exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFER.

A. By Us.

We may change our ownership or form of organization and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

B. By You.

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the franchise in reliance on our perception of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, without our prior written approval, you may not transfer any of the following, or attempt to

transfer any of the following, including by listing any of the following for sale on any directory or listing: (i) this Agreement (or any interest in this Agreement); (ii) your Studio (or any right to receive all or a portion of your Studio's profits or losses or capital appreciation related to your Studio); (iii) substantially all of the assets of your Studio; or (iv) any direct or indirect ownership interest in you (regardless of its size) if you are an Entity. A transfer of your Studio's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

Additionally, you may not pledge or encumber this Agreement, your Studio or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing, unless (1) we grant our prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

If you intend to list your Studio for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Studio or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Studio or of any ownership interest in you without our prior written approval of such materials.

C. Conditions for Approval of Transfer.

You may not transfer this Agreement before your Studio has opened for business. Thereafter, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the following conditions before or concurrently with the effective date of the transfer:

(1) you submit an application in writing requesting our consent and providing us all information or documents we request about the transferee and its owners to allow us to evaluate their ability to satisfy their respective obligations under our then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of our application and certification requirements, including the criteria that neither the transferee nor its owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business. At the time you sign a conditional consent to transfer, you must pay us, by wire transfer, a deposit of $5,000 ("**Fee Deposit**"). We will refund you the Fee Deposit, less any amounts which may be due under this Agreement, within thirty (30) days following the effective date of the transfer or the date on which you and the transferee have complied with all terms set forth in any applicable consent to transfer that we and you sign in connection with the transfer, whichever is later;

(2) the transferee and its affiliates collectively will not directly or indirectly own more than six percent (6%) of the total number of Elements Massage studios then in operation in the United States, including the Studio operated pursuant to this Agreement. You acknowledge that we reserve the right to make exceptions to this condition;

(3) you have provided us executed versions of any documents executed by you (or your owners) and the transferee (and its owners) to effect the transfer, and all other

information we request about the proposed transfer, and such transfer meets all of our requirements, including criteria for terms and conditions, closing date, purchase price, amount of debt and payment terms;

(4) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including: (i) a general release of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents, (ii) a covenant that you and your transferring owners (and your and their immediate family members) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 15.F. below, and (iii) covenants that you and your transferring owners satisfy all other post-termination obligations under this Agreement;

(5) you have paid all Royalties, Brand Marketing Fund contributions, and other amounts owed to us, our affiliates, and third-party vendors, and have submitted all required reports and statements;

(6) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(7) the transferee (or its operating partner) and any other manager and/or assistant manager we designate (including any applicable designated manager), satisfactorily complete our then-current Training Program;

(8) if the proposed transfer (including any assignment of the Lease or subleasing of the Premises) requires notice to or approval from your landlord, or any other action under the terms of the Lease, you have taken such appropriate action and delivered us evidence of the same;

(9) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Brand Marketing Fund contribution; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining term of this Agreement;

(10) you pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchises, unless the transfer is less than or equal to a ten percent (10%) ownership interest in you (if you are an entity), in which case you must pay us $2,500 for administrative costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees;

(11) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Studio;

(12) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Studio are subordinate to the transferee's obligation

to pay Royalties, Brand Marketing Fund contributions, and other amounts due to us, our affiliates, and third-party vendors related to the operation of your Studio and otherwise to comply with this Agreement;

(13) you have corrected any existing deficiencies of your Studio of which we have notified you, and/or the transferee agrees to upgrade, remodel, and refurbish your Studio in accordance with our then-current requirements and specifications for Studios within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken); and

(14) you provide us the evidence we reasonably request to show that appropriate measures have been taken to effectuate the transfer as it relates to the operation of your Studio, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

We may review all information regarding your Studio that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Studio.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Studio's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

D. Transfer to a Wholly Owned Entity.

Notwithstanding Section 12.C. above, if you are in full compliance with this Agreement, you may transfer this Agreement to an Entity in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; provided, that (1) that Entity will own all of your Studio's assets, and will conduct all of your Studio's business, (2) that Entity will conduct no business other than your Studio and, if applicable, other Studios, and (3) you reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees. The Entity must expressly assume all of your obligations under this Agreement. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur and sign the form of consent to assignment and assignment satisfactory to us which may include a general release of any and all claims against us and our owners, officers, directors, employees and agents. You further agree to provide us with all organizational documents for the Entity that we require.

E. Our Right of First Refusal.

If you (or any of your owners) at any time decide to sell an interest in this Agreement, your Studio, substantially all the assets of your Studio, or an ownership interest in you or one of your owners (except to or among the current owners of such Entity), you (or your owners) agree to obtain a bona fide executed written offer, relating exclusively to the transfer of this Agreement, your Studio, substantially all the assets of your Studio, or the ownership interest in you or one of your owners (as applicable), from a responsible and fully disclosed buyer and send to us a true and complete copy of that written offer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar

amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may also require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) we notify you or your selling owner(s) that we intend to purchase the interest or within thirty (30) days after we receive a copy of the offer and all other information we request;

(2) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately held entity);

(3) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(4) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and

(5) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in an Entity, as applicable, including representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12.E.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 12.B. and 12.C. above, and if you (and your owners) and the transferee comply with the conditions in Sections 12.B. and 12.C. above. Notwithstanding anything in this Section to the contrary, the right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12.B. and 12.C. above.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to notify us of promptly), we or our designee will have an additional right of first refusal. We or our designee must exercise this additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

F. Your Death or Disability.

On the death or disability of you, your Operating Partner or any owner with a controlling ownership interest in you (a "**Controlling Owner**"), your or the Operating Partner's or such Controlling Owner's

executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Operating Partner's or Controlling Owner's ownership interest in you, to a third party (which may be your or the Operating Partner's or Controlling Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12 (except that any transferee that is the spouse or immediate family member of you or your Operating Partner or such Controlling Owner, shall not have to pay the Fee Deposit described in Section 12.C.(1) or the transfer fee described in Section 12.C.(9) if the transfer meets all the other conditions in Section 12.C.; provided, that the transferee reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees). A failure to transfer your interest in this Agreement or the Operating Partner's or such Controlling Owner's ownership interest in you within this time period constitutes a breach of this Agreement.

The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Operating Partner or such Controlling Owner from supervising the management and operation of your Studio. If your Studio is not being managed by an approved Designated Manager at the time of your or your Operating Partner's death or disability, your or the Operating Partner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a Designated Manager in accordance with the terms and conditions of Section 8.H. A new Operating Partner acceptable to us also must be appointed for your Studio within sixty (60) days. If your Studio is not being managed properly at any time after your or the Operating Partner's death or disability, in our sole judgment, we may, but need not, assume your Studio's management (or appoint a third party to assume its management) in accordance with Section 14.C.

13. EXPIRATION OF THIS AGREEMENT.

A. Your Right to Acquire a Successor Franchise.

Upon expiration of this Agreement, you will have the option to acquire a successor franchise to operate your Studio for one (1) additional term of ten (10) years, if you meet the following conditions:

(1) you (and each of your owners) have substantially complied with this Agreement during its term;

(2) you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 13.B. below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;

(3) you maintain possession of and agree to remodel and/or expand your Studio, add or replace improvements and Operating Assets, and otherwise modify your Studio as we require to comply with System Standards then-applicable for new Studios, or, at your option, you secure substitute premises that we approve and you develop those premises according to System Standards then-applicable for Studios;

(4) you sign the franchise agreement we then use to grant franchises for Studios (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from those contained in this Agreement;

(5) you and your owners agree to sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns; and

(6) you pay a successor franchise fee equal to twenty-five percent (25%) of our then-current initial franchise fee for new franchises, in the form of a lump sum payment, by wire transfer.

If you (and your owners) fail to meet the conditions set forth in this Section, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 14.B.

B. Grant of a Successor Franchise.

You agree to give us written notice ("**Your Notice**") of your election to acquire a successor franchise no more than one (1) year and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you written notice ("**Our Notice**") of our decision to grant or not to grant you a successor franchise not more than six (6) months after we receive Your Notice. If applicable, Our Notice will describe the remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring your Studio into compliance with then-applicable System Standards for new Studios and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If Our Notice states that you must remodel your Studio and/or must cure certain deficiencies of your Studio or its operation as a condition to our granting you a successor franchise, and you fail to complete the remodeling and/or to cure those deficiencies, we will give you written notice of our decision not to grant a successor franchise, not less than ninety (90) days before this Agreement expires; provided, that we need not give you ninety (90) days' notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the ninety (90) day period before it expires. We may extend this Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days' notice of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

14. TERMINATION OF AGREEMENT.

A. Termination by You.

You may terminate this Agreement if you are in full compliance with this Agreement and we materially fail to comply with this Agreement, and we fail correct the failure within sixty (60) days after you deliver written notice of the material failure to us. Your termination under this Section will be effective thirty (30) days after you deliver to us the written notice of termination.

If you terminate this Agreement other than according to this Section 14.A., the termination will be deemed a termination without cause and a breach of this Agreement.

B. Default; Termination by Us.

You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you (or any of your owners) or your affiliates breach any of the terms of any other franchise agreement, area development agreement, or any other agreement between you (or any of your owners) or your affiliates and us or any of our affiliates.

We may terminate this Agreement, effective on delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the franchise or operating your Studio;

(2) you do not obtain our approval of your Lease or deliver us a fully executed copy of the Lease and Lease Rider as required by the deadline set forth in Section 2.B.;

(3) you fail to open your Studio for full use by clients by the Studio Opening Deadline in compliance with our required opening conditions, except as otherwise set forth in Section 2.H.;

(4) you (or your Operating Partner) and your Designated Manager (if applicable) do not satisfactorily complete the Training Program in accordance with Section 4;

(5) without our prior consent, you: (a) abandon or fail to actively operate your Studio for more than two (2) consecutive days, or fourteen (14) days during any twelve-month period; or (b) provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of your Studio;

(6) you (or your owners) make or attempt to make any transfer in violation of Section 12;

(7) you (or any of your owners) are or have been convicted of, or pleaded guilty or no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that, in our sole judgment, is reasonably likely to harm or unfavorably affect the Marks, the Franchise System, or their associated goodwill and reputation;

(8) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(9) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Studio's reputation or the goodwill associated with the Marks;

(10) you lose the right to occupy the Premises whether or not through any fault of yours;

(11) you (or any of your owners) knowingly or negligently make any unauthorized use or disclosure of any Confidential Information;

(12) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate your Studio in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after you receive notice from us or any other party, regardless of any longer period of time that any governmental authority or agency may have given you to cure such violation;

(13) you create or allow to exist any condition in connection with your operation of your Studio that we reasonably determine presents an immediate health or safety concern for your Studio's clients or employees;

(14) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within

ten (10) days after we or any applicable government agency deliver notice to you of that violation or failure;

(15) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(16) you fail to pay when due any federal or state income, service, sales, employment or other taxes due on your Studio's operation, unless you are in good faith contesting your liability for these taxes;

(17) you have insufficient funds in your designated account to cover your payments owed for Royalties, Brand Marketing Fund contributions and other amounts due on three (3) separate occasions within a twelve (12) month period;

(18) you intentionally underreport your Studio's Gross Receipts by any amount or negligently underreport your Studio's Gross Receipts by five percent (5%) or more during any reporting period;

(19) you (or any of your owners): (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement; or (b) fail on two (2) or more separate occasions within any twelve (12) consecutive month period to comply with the same obligation under this Agreement, in all instances whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures following our delivery of notice to you;

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

(21) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(22) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you;

(23) there is a termination of any other franchise agreement, area development agreement, or any other agreement between you (or any of your owners) or your affiliates and us or any of our affiliates;

(24) you fail to perform background checks for all employees you hire and update the background checks pursuant to Section 8.I. and as specified in the Operations Manual;

(25) you fail to ensure that all your massage therapists are properly licensed (if required in your jurisdiction) pursuant to Section 8.I. and as specified in the Operations Manual;

(26) you fail to report incidents at your Studio which could negatively impact the goodwill of the "Elements Massage" brand as specified in the Operations Manual;

(27) you fail to pay when due any third-party supplier, including landlords or lenders, and do not cure such failure within the third-party's applicable cure period or alternatively, if such cure period has already lapsed, within ten (10) days after we deliver written notice of that failure to you; or

(28) you relocate your Studio to a location other than the Premises without our prior written approval.

C. Assumption of Management.

If: (1) you abandon or fail actively to operate your Studio; (2) you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; or (3) this Agreement is terminated and we are deciding whether to exercise our option to purchase your Studio under Section 15.E.:

(a) we have the right (but not the obligation): (i) to enter the Premises to make any modifications we deem necessary to protect the Operating Assets; (ii) to remove any equipment, signage, or other materials featuring the Marks; (iii) to cure any defaults under the Lease; and (iv) to assume all of your rights under the Lease; and/or

(b) we have the right (but not the obligation) to enter the Premises and assume your Studio's management for any period of time we deem appropriate, but not exceed six (6) months.

We may assign our rights under this Section 14.C. to any person or entity without your consent.

If we (or a third party) assume your Studio's management, you must continue: (A) maintaining all licenses, permits, and insurance policies for the Studio; (B) maintaining your business checking account for the Studio in order for all expenses incurred during our (or the third party's) management to be charged to this account; and (C) overseeing and fulfilling the terms and conditions of employment of your employees (including but not limited to compensation, tax withholdings, and recordkeeping).

If we (or a third party) assume your Studio's management, you agree to pay us (in addition to the Royalty, Brand Marketing Fund contributions, and other amounts due to us or our affiliates) our then-current monthly management fee (currently, $7,500 per month), plus our (or the third party's) direct out-of-pocket costs and expenses.

If we (or a third party) assume your Studio's management, you acknowledge that we (or the third party) will have a duty to use only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Studio incurs, or to any of your creditors for any supplies, products, or other assets or services your Studio purchases, while we (or the third party) manage it.

Our decision to assume management of your Studio (or to appoint a third party to assume management of your Studio) will not affect our right to terminate this Agreement under Section 14.B.

15. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.

A. Payment of Amounts Owed to Us.

You agree to pay us the Royalties, Brand Marketing Fund contributions, interest, and all other amounts owed to us (and our affiliates), which accrued prior to termination or expiration, within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine, calculated as of the date of payment. You acknowledge that termination or expiration of this Agreement does not affect your liability for amounts you (or your owners or affiliates) owe any third-parties or creditors and we do not assume any such liabilities.

B. Liquidated Damages.

If this Agreement is terminated because of your default or if you terminate this Agreement without cause before its expiration, you and we agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, Brand Marketing Fund contributions, and Marketing Cooperative contributions, less any cost savings, through the remainder of the term of this Agreement (the "**Liquidated Damages**"). Liquidated Damages will be equal to the combined monthly average of Royalties, Brand Marketing Fund contributions, and any other fees under this Agreement (without regard to any fee waivers, or other reductions) payable during the twelve (12) months preceding the date of early termination, multiplied by the lesser of (i) twenty-four (24) or (ii) the number of full months remaining in the term. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages. You and we agree that the calculation described in this Section 15.B. is a calculation only of the Liquidated Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

C. Marks.

Upon termination or expiration of this Agreement, you and your owners must immediately:

(1) close the Studio for business to clients and cease to directly or indirectly sell any products and services of any kind and in any manner from the Studio and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 15.E.;

(2) cease to directly or indirectly use any Mark, any colorable imitation of a Mark, any other indicia of a Studio, or any trade name, trademark, service mark, or other commercial symbol that indicates or suggests a connection or association with us, in any manner or for any purpose;

(3) cease to directly or indirectly identify yourself or your business as a current or former Studio or as one of our current or former franchise owners (except in connection with other Studios you operate in compliance with the terms of a valid franchise agreement with us) and take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(4) if we do not exercise our right to purchase your Studio, promptly and at your own expense, remove all materials bearing the Marks and remove from both the interior and exterior of the Premises all materials and components of our trade dress as we determine to be necessary to avoid any association between the Premises and our

System or that would, in any way, indicate that the Premises are or were associated with our brand or System;

(5) cease using and, at our direction, either disable or instruct the registrar of any Contact Identifiers or Online Presence to transfer exclusive control and access of such Contact Identifiers and Online Presence to us or our designee in accordance with our instructions; and

(6) comply with all other System Standards we establish from time to time (and all applicable laws) in connection with the closure and de-identification of the Studio.

If you fail to take any of the actions (or refrain from taking any of the actions) described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Studio. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies.

D. Confidential and Personal Information.

You agree that when this Agreement expires or is terminated you will immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other Confidential Information that we have loaned you. You also agree to comply with all of our directions for returning or disposing of Personal Information, in any form, in your possession or the possession of any of your employees. We may require you to certify in writing that you have returned or securely disposed of all Personal Information.

E. Our Right to Purchase Your Studio.

We have the option to purchase your Studio and the Premises (if you or one of your affiliates owns the Premises) upon the occurrence of a Termination Event (as defined below). We may exercise this option by giving you written notice within thirty (30) days of the date of the Termination Event. We have the unrestricted right to assign this option to purchase. If we purchase your Studio and/or the Premises, we are entitled to all customary warranties and representations in our asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

If you lease the Premises from an unaffiliated lessor, or if we choose not to purchase the Premises from you (or one of your affiliates), you agree, at our election to (1) assign your Lease to us or our assignee, (2) enter into a sublease with us or our assignee for the remainder of the Lease term on the same terms (including renewal options) as the Lease, or (3) lease the Premises to us or our assignee for an initial term of five (5) years with, at our option, up to three (3) additional terms of five (5) years each, on commercially reasonable terms.

We (or our assignee) will pay the purchase price (calculated as described below) for your Studio and/or Premises at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to purchase your Studio and/or the Premises. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee):

(1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;

(2) all of your Studio's licenses and permits which may be assigned or transferred; and

(3) the ownership interest or leasehold interest (as applicable) in the Premises and improvements or a lease assignment or lease or sublease, as applicable.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

A "**Termination Event**" occurs if, (i) you terminate this Agreement (other than in accordance with Section 14.A.), (ii) we terminate this Agreement for any reason, or (iii) the term of this Agreement (including any successor term) expires.

If we purchase your Studio upon a Termination Event, the purchase price for your Studio and the Premises will be their reasonable fair market value at the time of the Termination Event, provided that these items will not include any value for the rights granted by this Agreement, any goodwill attributable to our Marks, brand image, Client Information, and other intellectual property, or any participation in the network of Studios. We may exclude from the assets purchased any Operating Assets and supplies that are not reasonably necessary (in function or quality) to your Studio's operation or that we have not approved as meeting System Standards, and the purchase price will reflect these exclusions.

If we and you cannot agree on a fair market value, the fair market value will be determined in accordance with Generally Accepted Accounting Principles ("GAAP") using straight-line depreciation, in all instances bound by the criteria for the purchase price described above. You and we will share equally any fees and expenses incurred in conducting this calculation, which must be completed within thirty (30) days after the parties elect to use GAAP to determine fair market value.

F. Covenant Not to Compete.

Upon termination, transfer, or expiration of this Agreement for any reason, you and your owners and guarantors agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of your owners (or your or their immediate family members) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating at the Premises or within a three (3) mile radius of the Premises or any other Studio then in existence or under construction.

If any person restricted by this Section 15.F. fails to comply with these obligations as of the date of termination or expiration, the two (2) year restricted period for that person will commence on the date the person begins to comply with this Section 15.F., which may be the date a court order is entered enforcing this provision.

You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 15.F. will not deprive you of your personal goodwill or ability to earn a living.

G. Non-Solicitation and Non-Interference.

On termination or expiration of this Agreement for any reason, you and your owners agree that, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 15.G. begin to comply with this Section 15.G., whichever is later, neither you nor any of your owners or guarantors (or their immediate family members) will: (1) solicit, interfere, or attempt to interfere with our or our affiliates' relationships with any clients, vendors, consultants, or other franchisees; or (2) engage in any other activity that might injure the goodwill of the Marks and/or the Franchise System.

H. Obligations Regarding Clients.

You acknowledge that, as between you and us, we have the sole right to, and interest in, the Client Information. Accordingly, upon expiration or termination of this Agreement for any reason, we or our designee may, but are not obligated to, contact clients of your Studio and offer such clients continued rights to use one or more Studios on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising out of or relating to any Membership Agreement or act or failure to act by you or arising from the operation of your Studio. If, upon expiration or termination of this Agreement, clients of your Studio request full or partial refund of any monies paid to you, you will refund such monies promptly and in full and will cooperate with us to preserve client goodwill with such clients.

I. Continuing Obligations.

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

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. Independent Contractors.

You and we understand and agree that each of us is an independent business and that you and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including clients, suppliers, public officials, and your Studio employees) as your Studio's owner, and indicate clearly that you operate your Studio separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in our name or on our behalf or represent that your and our relationship is anything other than franchisor and franchise owner.

We have no right or duty to supervise, manage, control or direct your employees in the course of their employment for you. You are solely responsible for all terms and conditions of employment of your employees.

B. No Liability for Acts of Other Party.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Studio's operation or the business you conduct under this Agreement.

C. Taxes.

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

D. Indemnification.

To the fullest extent permitted by law, you agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Studio's operation, the business you conduct under this Agreement, or your breach of this Agreement, including claims or damages alleged to have been caused by the Indemnified Party's gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section 16.D. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section 16.D.

17. ENFORCEMENT.

A. Security Interest.

As security for the performance of your obligations under this Agreement, including payments owed to us or our affiliates, you shall grant us a security interest in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of your Studio, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof (including cash derived from the operation of your Studio),

wherever located, used in connection with your Studio. You agree to execute such other documents as we may reasonably request in order to further document, perfect, and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and/or state that we deem appropriate to protect our interests. If a third-party lender requests that we subordinate our security interest in the assets of your Studio as a condition to issuing a loan to you, we will agree to do so in accordance with our then-current form of subordination agreement.

B. Severability and Substitution of Valid Provisions.

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

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the judge or arbitrator has the power and authority to modify the covenant such that it will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

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

C. Waiver of Obligations.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Studios; the existence of franchise agreements for other Studios which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item

given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Brand Marketing Fund contributions due afterward.

D. Attorneys' Fees and Costs.

The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all costs and expenses, including arbitration and court costs, expert fees, witness fees, and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation (inclusive of our in-house attorneys' fees and costs as further described in Section 17.M.). In addition, if you withhold amounts owed to us and we pursue collection of such amounts, you must pay to us all of our costs and expenses, including arbitration and court costs, attorneys' fees, the value of our employees' time, witness fees and travel expenses in connection with our collection efforts.

E. Rights of Parties Are Cumulative.

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

F. Arbitration.

Except for injunctive relief and actions for amounts that you owe us, we and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted to binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our then-current principal place of business (currently, Denver, Colorado). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator must have a minimum of five (5) years' experience in franchising or distribution law. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned

by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and any of our affiliates, or our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in accordance with Section 17.J.; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be allowed, unless the parties mutually agree to their use.

With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

(1) production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

(2) the production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party

receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(3) the description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;

(4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

(5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration each side may take no more than three depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

G. Governing Law.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, COLORADO) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

H. Consent to Jurisdiction.

SUBJECT TO SECTION 17.F. ABOVE AND THE PROVISIONS BELOW, WE AND YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN THE STATE OR FEDERAL COURT CLOSEST TO OUR THEN-CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, DENVER, COLORADO), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE

IN THOSE COURTS. NONETHELESS, WE AND YOU (AND YOUR OWNERS) AGREE THAT ANY OF US MAY ENFORCE ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR YOUR STUDIO IS LOCATED.

I. Waiver of Punitive Damages and Jury Trial.

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 16.D., WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

J. Injunctive Relief.

Nothing in this Agreement, including the provisions of Section 17.F., bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from a court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You also agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). You further agree to pay all filing costs and reasonable attorneys' fees, costs, and expenses that we incur in connection with the enforcement of this Section 17.J.

You and your owners acknowledge that any failure to comply with the requirements of Sections 7.A. and 15.F. would result in irreparable injury to us for which no adequate remedy at law may be available. You and your owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of Sections 7.A. and 15.F. (as applicable), without the requirement that we post a bond. You and your owners agree to pay all filing costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of Sections 7.A. and 15.F. including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of Sections 7.A. and 15.F., or any part of them.

K. Binding Effect.

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly authorized officers.

L. Limitations of Claims and Class Action Bar.

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS, REIMBURSEMENTS, AND OTHER PAYMENTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS

COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

M. Construction.

The preambles and exhibits are a part of this Agreement which constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Studio. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies on any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "**control**" means the power to direct or cause the direction of management and policies. The use of the term "**including**" in this Agreement, means in each case "including, without limitation".

If two or more persons are at any time the owners of your Studio, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Studio or an ownership interest in you),

including any person who has a direct or indirect interest in you (or a transferee), this Agreement or your Studio and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "**controlling ownership interest**" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

References to "**attorneys' fees and costs**" concerning amounts which are due and owing to us include any work performed by any attorneys and legal staff working on our behalf, expressly including our in-house attorneys, paralegals, and our administrative costs. In addition to any of your obligations herein to indemnify us against, reimburse us for, or otherwise pay our attorneys' fees and costs, our in-house attorneys' work will be invoiced to you at their then-current hourly billing rate (currently, $400 per hour) while our paralegals' work will be invoiced to you at their then-current hourly billing rate (currently, $150 per hour). Notwithstanding the foregoing and for the purpose of clarity, nothing in this Agreement will be construed as establishing a joint-representation arrangement of any kind whatsoever between you and our in-house legal department.

The term "**person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "**your Studio**" includes all of the assets of the Studio you operate under this Agreement, including its revenue and the Lease.

18. DELEGATION OF PERFORMANCE.

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

19. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered:

(1) at the time delivered by hand;

(2) at the time delivered electronically or by e-mail and, in the case of the Royalty, Brand Marketing Fund contributions, and other amounts due, at the time we actually receive payment via the Automatic Bank Draft Authorization;

(3) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next-business-day delivery; or

(4) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that it will always be deemed acceptable to send notice to you at the address of the Premises.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

20. BUSINESS JUDGMENT.

We retain the right to operate, develop and change the Franchise System and the products and services offered by Studios in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our affiliates and/or the best interests of Studios as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our affiliates or any other person or entity.

21. EXECUTION

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

[SIGNATURE PAGE TO FOLLOW]

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

ELEMENTS THERAPEUTIC MASSAGE, LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

DATED*:_____
(*This is the Effective Date of this Agreement)

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
Entity Name

_____
Signature

Name:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
Signature

_____
Print Name

DATED:_____

EXHIBIT A

TO THE FRANCHISE AGREEMENT

Ownership Interests

1. **Form of Owner**.

You are signing as an individual or individuals: ☐Yes ☐ No

You operate as a ☐ corporation, ☐ limited liability company, or ☐ partnership (CHECK ONE). You were formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and (INSERT ANY ASSUMED NAME OR DBA THAT YOU HAVE USED).

2. **Management**. The following is a list of your managers, directors, and officers, as applicable, as of the date of this Agreement:

Name	Position(s) Held

3. **Owners**. The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	Percentage/Description of Interest

4. **Name and Address of Operating Partner (See Section 1.B.)**.

(a) Name:_____

(b) Postal Address: _____

(c) E-mail Address: _____

(d) Telephone Number: _____

5. **Name and Address of Designated Manager (if applicable – see Section 8.H.)**.

(a) Name: _____

(b) Postal Address: _____

(c) E-mail Address: _____

(d) Telephone Number: _____

EXHIBIT B

TO THE FRANCHISE AGREEMENT

SEARCH TERRITORY / PREMISES, PROTECTED AREA & INITIAL FRANCHISE FEE

1. The Search Territory consists of: _____
_____
_____

2. The Premises of your Studio will be located at [*insert address*]:
_____
_____
_____

3. The Protected Area will be a circular geographic area having a radius of one and one-half (1.5) miles with its center point located at the front door of the Premises.

4. The Initial Franchise Fee shall be [*select one*]:

☐ $40,000; or

☐ _____($40,000 shall apply by default if this line is blank)

EXHIBIT C

TO THE FRANCHISE AGREEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT
(Not Applicable to Prospective Franchisees in CA, HI, IL, MD, MN, NY, ND, VA, and WA)

The purpose of this Statement is to demonstrate to Elements Therapeutic Massage, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of an Elements Massage® franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days (10 business days in Michigan and New York) before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD or as indicated below (**write "None" if none provided**): _____ _____ _____.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of my success) except as contained in the FDD or as indicated below (**write "None" if none provided**): _____ _____ _____.	INITIAL:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

Sign here if you are taking the franchise as a
CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Dated: _____

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

California residents should not complete this Questionnaire. If any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

NOTE TO WASHINGTON RESIDENTS OR FRANCHISEES WITH A STUDIO LOCATED IN WASHINGTON: This Representations and Acknowledgment Statement does not waive any liability Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100.

EXHIBIT D

TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT

This Confidentiality and Non-Solicitation Agreement (the "Agreement") is made and entered into as of this _____ day of _____, 20_____, by and among _____ ("Employer") and _____ ("Employee").

1. **RECITALS.**

A. Employer is a party to a franchise agreement (the "Franchise Agreement") with Elements Therapeutic Massage, LLC ("Franchisor"), under which Franchisor granted Employer certain rights with regard to an Elements Massage® studio located at the following address: _____ (the "Studio");

B. Employer has hired Employee to perform services at Employer's Studio;

C. Before allowing Employee to have access to the Confidential Information and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, décor, trade dress, specifications, standards, techniques and procedures authorized or required by Franchisor from time to time for use in the operation of Employer's Studio (the "Franchise System"), Employer requires that Employee enter into this Agreement; and

D. As a condition of employment or continued employment by Employer, Employee has agreed to enter into this Agreement.

2. **DEFINITIONS.**

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear.

(a) The term "Client" as used in this Agreement means any individual who is or was a client of the Studio or the Franchise System at any time during the term of Employee's employment with the Employer.

(b) The term "Confidential Information" as used in this Agreement means (1) training and operations materials, including the operations manual; (2) the methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Studios; (3) market research, promotional, marketing and advertising strategies and programs for Studios; (4) strategic plans, including expansion strategies and targeted demographics; (5) knowledge of, specifications for and suppliers of, and methods of ordering, Studio assets and other products and supplies; (6) any computer software or similar technology which is proprietary to Franchisor or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of the Studio and other Studios; (8) information generated by, or used or developed in, the Studio's operation, including information relating to clients such as client names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the Studio's computer system ("Client Information"); and (9) any other information designated as confidential or proprietary by Franchisor or Employer.

(c) The term "Services" as used in this Agreement means therapeutic massage services and other services and products that the Studio and the Franchise System may offer in the future.

3. **PROTECTION OF CONFIDENTIAL INFORMATION.**

Employee agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Employer taking into consideration the confidential nature of the Confidential Information. Employee may disclose the Confidential Information only as an agent for Employer. Employee acknowledges and agrees that neither Employee nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Employer and would constitute a breach of Employee's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Studios owned by Employer or franchised by Franchisor.

Employee acknowledges and agrees that the Confidential Information is confidential to, and a valuable asset of, Franchisor. The Confidential Information will be disclosed to Employee solely on the condition that Employee agrees to the terms and conditions of this Agreement. Employee therefore agrees that during the term of the Franchise Agreement and thereafter, he or she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Employer to prevent the unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Employee do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of an unauthorized disclosure by Employee or Employee's agents), provided that Employee has first given Franchisor written notice of his or her intended disclosure and/or use; and (b) disclosure of the Confidential Information in legal proceedings when Employee is legally required to disclose it, provided that Employee has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

Notwithstanding any provisions in this Agreement or Employer policy applicable to the unauthorized use or disclosure of trade secrets, you are hereby notified that, pursuant to the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b):

> **An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.**
>
> **Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.**

4. **NON-SOLICITATION.**

Employee agrees that during the term of Employee's employment with Employer and for a period of 1 year following the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Employee is no longer an employee of, or otherwise providing Services for, Employer (each of these events is referred to as a "Termination Event"), Employee shall not, directly or indirectly, on Employee's own behalf or on behalf of any other person, whether as owner, employee, agent, consultant or in any other capacity, solicit, induce or attempt to solicit or induce any Client to terminate or modify its use of the Services at Employer's Studio.

5. **SURRENDER OF DOCUMENTS.**

Employee agrees that as of the effective date of a Termination Event, Employee shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Employee and return to Employer or to Franchisor (if directed by Franchisor) all copies of the Confidential Information loaned or made available to Employee.

6. **INJUNCTIVE RELIEF AND DAMAGES.**

Both parties recognize that the services to be rendered by Employee for Employer are special, unique and of an extraordinary character. Upon breach of this Agreement, Franchisor or Employer shall be entitled, if it/they so elects, to seek injunctive relief in any court of competent jurisdiction to enforce the covenants set forth herein. In addition to injunctive relief, Franchisor or Employer shall be entitled to seek such other and further relief, including the recovery of damages as may be permitted by law or in equity. Employee expressly acknowledges that he/she possesses other skills, experience, education and abilities of a general nature and has other opportunities for exploiting such other skills, experience, education and abilities to derive income from other endeavors. Consequently, enforcement of the covenants made in this Agreement is fair and reasonable, and will not deprive Employee of his/her personal goodwill or ability to earn a living, or otherwise impose any undue hardship on him/her. Employee further acknowledges and agrees that any violation of the covenants contained in this Agreement will result in irreparable harm to Employer, Franchisor, and its affiliates. If any covenant is held by any arbitrator or court of competent jurisdiction to be broader in time, scope, or subject matter than legally permitted, then the parties authorize the arbitrator or court to impose that covenant to the maximum lawful extent. Employer is permitted at any time to reduce the time, scope, or subject matter of any covenant to render it enforceable under applicable law.

7. **COSTS AND ATTORNEYS' FEES.**

In the event that Franchisor or Employer is required to enforce this Agreement in an action against Employee, Employee shall reimburse Franchisor and/or Employer if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

8. **WAIVER.**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

9. **SEVERABILITY.**

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Employee is a party thereto or upon Employee's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

10. **RIGHTS OF PARTIES ARE CUMULATIVE.**

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

11. **BENEFIT.**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Franchisor shall be deemed a third-party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

12. **GOVERNING LAW.**

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of Colorado without regard to its conflict of laws principles.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

EMPLOYER:

If a Legal Entity:

[Name of Employer]

Signature:_____
Name:_____
Title:_____

If an Individual:

_____
[Name]

EMPLOYEE:

_____
[Name]

EXHIBIT E

TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("**Guaranty**") is given on ___ _____, by the persons indicated below who have executed this Agreement (each a "**Guarantor**").

In consideration of, and as an inducement to the execution of that certain Franchise Agreement (the "**Agreement**") on this date by **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company (the "**Franchisor**, " "**we**," "**us**," or "**our**"), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (the "**Franchisee**") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements therein.

Each Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person;

(d) this liability shall not be diminished, relieved or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other Guarantors), none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement, for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as Franchisor has any cause of action against Franchisee or its owners;

(e) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each Guarantor waives notice of any and all renewals, extensions, modifications, amendments, or transfers;

(f) upon our request, Guarantor must submit to Franchisor suitable credit and financial information to allow Franchisor to make a reasonable decision as to the Guarantor's creditworthiness and financial position including, without limitation, a personal net worth statement and such other information

which would reasonably be considered relevant to Franchisor in determining whether or not Guarantor has the ability to satisfy their obligations under this Guaranty;

(g) this Guarantor will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(h) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(i) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor; and

(j) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Each Guarantor waives: (1) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (2) acceptance and notice of acceptance by Franchisor of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which Guarantor may be entitled.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such undersigned (or on such undersigned's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each Guarantor acknowledges and represents that they have had an opportunity to review the Agreement and agrees that the provisions of Section 17 (Enforcement) have been reviewed by Guarantor and are incorporated, by reference, into and shall govern this Guaranty and any disputes between Guarantor and Franchisor. Guarantor agrees to be personally bound by the arbitration obligations under Section 17.F. of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 17.F. of the Agreement in accordance with its terms.

Nonetheless, each Guarantor agrees that Franchisor may also enforce this Guaranty and awards in the courts of the state or states in which Guarantor is domiciled.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

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Name of Guarantor

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Name of Guarantor's Spouse

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Signature of Guarantor's Spouse

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

EXHIBIT F

TO THE FRANCHISE AGREEMENT

LEASE RIDER

RIDER AND SPECIAL STIPULATIONS

TO LEASE AGREEMENT DATED _____
BY AND BETWEEN

_____, AS "LANDLORD"
AND

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

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

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate an ELEMENTS MASSAGE® studio in the Premises, and that Tenant's rights to operate an ELEMENTS MASSAGE® studio and to use the ELEMENTS MASSAGE® franchise system's trade and service marks are solely pursuant to a franchise agreement dated _____ (the "**Franchise Agreement**") between Tenant and Elements Therapeutic Massage, LLC (the "**Franchisor**"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor) succeeding to Tenant's interest in the Lease by mutual agreement of Franchisor and Tenant, or as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement, Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Tenant shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by

Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have five (5) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than five (5) days after Franchisor's receipt of such notice. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Elements Therapeutic Massage, LLC
1890 Wynkoop Street, Unit 1
Denver, CO 80202
Attention: Legal Department
legal@wellbizbrands.com

With a copy to:

Arnall Golden Gregory, LLP
Attention: Jonathan L. Neville, Esq.
171 17th Street, Suite 2100
Atlanta, GA 30363

3. Assignment Rights of Franchisor and Affiliates. Notwithstanding anything to the contrary contained in the Lease or this Rider, in the event Franchisor (or any entity owned or controlled by, or under common control or ownership with, Franchisor) becomes the "Tenant" entity under the Lease, whether pursuant to the terms of Section 1 of this Rider or otherwise consistent with the terms of the Lease, then as of and following such date of Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor's) becoming "Tenant": (i) the transfer of equity interests among existing holders of equity interests in Tenant or any direct or indirect parent thereof, to or among family members, or to trusts for the benefit of any of such parties, (ii) the transfer of equity interests in Tenant or any direct or indirect parent thereof in connection with a public offering of equity interests, (iii) any transfer of equity interests in Tenant or any direct or indirect parent thereof, if Tenant or any direct or indirect parent of Tenant is a public company, (iv) any direct or indirect transfers, including any sale, of equity interests in Tenant or any affiliate thereof, or (v) any change in the members of the board of managers, directors, management or organization of Tenant or any affiliate thereof, shall not be deemed an assignment, subletting, change of control or other transfer of Tenant's interest in and to this Lease.

4. Radius and Relocation Clauses Ineffective. Notwithstanding anything as set forth in the Lease to the contrary or in conflict, in the event Franchisor (or any entity owned or controlled by, or under common control or ownership with, Franchisor) becomes the "Tenant" entity under the Lease, whether pursuant to the terms of Section 1 of this Rider or otherwise consistent with the terms of the Lease, then as of and following such date of Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor's) becoming "Tenant": (i) all "radius" restrictions or other limitations contained within the Lease limiting the operation of other locations/stores/units within a certain geographic area shall be of no further force or effect; and (ii) all rights of Landlord to directly or indirectly relocate the Premises shall be of no further force or effect.

5. Eviction Without Cause. In the event of any breach or threatened breach of the Lease by Landlord which, through no act or omission by Tenant, renders Tenant unable to continue its operations at the Premises, Landlord shall be responsible for paying Tenant all costs and expenses associated with de-identifying the Premises and relocating the ELEMENTS MASSAGE® studio to a new location.

6. Franchisor's Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the ELEMENTS MASSAGE® studio). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of the ELEMENTS MASSAGE® studio or taking other corrective actions as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease unless Franchisor exercises such rights to assume the Lease as set forth in Section 1 of this Rider. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the ELEMENTS MASSAGE® trademarks or other commercial symbols of Franchisor.

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

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

9. Default Under Franchise Agreement. Any default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

10. Remaining Provisions Unaffected. Those parts of the Lease that are not expressly modified by this Rider remain in full force and effect.

11. Counterparts. This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

[Signature Page Follows]

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

LANDLORD:	**TENANT**:
_____	_____
Address:_____	Address:_____
_____	_____
Phone;_____	Phone:_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date: _____

EXHIBIT G

TO THE FRANCHISE AGREEMENT

AUTOMATIC BANK DRAFT AUTHORIZATION

Franchisee: _____

Owner Name: _____ Phone: _____

Contact Person: _____ Title: _____
(if different from owner)

Address: _____

I hereby authorize Elements Therapeutic Massage, LLC and its successors and assigns ("Franchisor") to initiate entries to my checking or savings account identified below for Royalty (as defined in my Franchise Agreement with Franchisor), technology, website, default, late and other fees and amounts that may be incurred by me under the Franchise Agreement or otherwise and, if necessary, to initiate any adjustments for transactions credited in error.

Name and Address on Account: _____
_____
_____

Pay to the order of: Elements Therapeutic Massage, LLC

Your Financial Institution: _____
(Name, Address & Phone #) _____
_____

Routing Number: _____

Account Number: _____

PLEASE ATTACH A VOIDED CHECK

Signature: _____ Date: _____

Printed Name: _____

Studio Number: _____ Studio Name: _____

EXHIBIT H

TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF CONTACT IDENTIFIERS AND ONLINE PRESENCES

The undersigned ("**Franchisee**") hereby acknowledges and agrees that ELEMENTS THERAPEUTIC MASSAGE, LLC ("**Franchisor**") has granted a franchise to Franchisee to operate a franchised business located at _____ (the "**Franchised Business**"), pursuant to a Franchise Agreement dated _____ (the "**Franchise Agreement**"); and that in connection with the operation of that Franchised Business, Franchisor may have authorized Franchisee to acquire and/or maintain certain: (1) telephone and facsimile numbers and other directory listings (each a "**Contact Identifier**"), and/or (2) website, domain name, email address, social media account, user name, other online presence or presence on any electronic medium of any kind (each an "**Online Presence**").

1. Assignment. In the event of termination or expiration of the Franchise Agreement, Franchisee hereby sells, assigns, transfers and conveys to Franchisor all of its rights, title and interest in and to all Contact Identifiers and Online Presences pursuant to which Franchisee operated its Franchised Business in any manner, or which display, connect to, or are relating to the franchise system operated by Franchisor, or any tradenames, trademarks or other proprietary materials or symbols of any kind of Franchisor's or its affiliates relating to such franchise system or the Franchised Business. Upon termination or expiration of the Franchise Agreement, Franchisee shall immediately notify the telephone company, listing agencies and any other third-party owning or controlling any Contact Identifiers, and any internet service provider, website hosting company, domain registrar, social network or other third-party owning or controlling any Online Presence (all such entities collectively "**Registrars**") to assign the Contact Identifiers and Online Presences, as applicable, to Franchisor. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify any applicable Registrar to effectuate the assignment pursuant to the terms hereof, and in such case, Franchisor's liability will accrue exclusively from and after the date of such assignment.

2. Attorney-in-Fact. Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct each Registrar to assign all Contact Identifiers and Online Presences to Franchisor and execute such documents and take such actions as may be necessary to effectuate the assignment. If Franchisee fails to promptly direct the Registrars to assign the Contact Identifiers and Online Presences to Franchisor, Franchisor shall direct the Registrars to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Registrars may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Contact Identifiers and Online Presences, as applicable, upon such termination or expiration. The parties further agree that if the Registrars require that the parties execute any assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment.

3. Further Assurances. The parties agree that they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. Representation and Warranties of Franchisee. Franchisee hereby represents, warrants and covenants to Franchisor as of the date hereof, and as of the date of expiration or termination of the Franchise Agreement, that:

(a) All of Franchisee's obligations and indebtedness related to its Contact Identifiers and Online Presences have been paid and are current;

(b) Franchisee has full power and legal right to enter into, execute, deliver and perform this Assignment;

(c) This Assignment is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) Franchisee has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and Franchisee has obtained all necessary consents to this Assignment.

5. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Colorado. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of Franchisor shall inure to its benefit and to the benefit of its successors and assigns. Franchisor may assign its rights under this Assignment to any designee. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. This Assignment may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this assignment as of the Effective Date below.

ELEMENTS THERAPEUTIC MASSAGE, LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

DATED*:_____
**This is the Effective Date*

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
Entity Name

_____
Signature

Name:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
Signature

_____
Print Name

DATED:_____

EXHIBIT C

AREA DEVELOPMENT AGREEMENT

ELEMENTS THERAPEUTIC MASSAGE, LLC

AREA DEVELOPMENT AGREEMENT
(MULTI-UNIT DEVELOPMENT)

_____
DEVELOPER

_____
DATE OF AGREEMENT

_____
DEVELOPMENT AREA

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ELEMENTS THERAPEUTIC MASSAGE, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made and entered into by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company with its principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 ("**Franchisor**," "**we,**" "**us**," or "**our**"), and [DEVELOPER], whose principal business address is [ADDRESS] ("**Developer**," "**you**" or "**your**"), as of the date signed by us and set forth below our signature on this Agreement (the "**Effective Date**").

1. **PREAMBLES AND GRANT OF RIGHTS**.

A. PREAMBLES.

(1) We grant, to persons or entities who we determine meet our qualifications, franchises (each a "**Franchise**") for the development and operation of therapeutic massage studios (each a "**Studio**") using the *Elements Massage*® service mark and other trademarks we authorize from time to time (the "**Marks**") and the system and system standards under which Studios are developed and operated (the "**System**"). Each Franchise is granted solely pursuant to a written franchise agreement and related documents and agreements signed by us and a franchisee (each a "**Franchise Agreement**").

(2) We also grant, to persons or entities who we determine meet certain additional qualifications and who are willing to commit, the right to acquire multiple Franchises for the development and operation of Studios within a defined area (the "**Development Area**") pursuant to an agreed upon schedule (the "**Development Schedule**").

(3) You and, if you are an Entity (defined below), your owners have requested that we grant you such rights, and we are willing to do so in reliance on all of the information, representations, warranties and acknowledgements you and, if applicable, your owners have provided to us in support of your request, and subject to the terms and conditions set forth in this Agreement.

B. GRANT OF RIGHTS; TERM.

We grant you the right, and you undertake the obligation, either yourself or through your approved Affiliates (defined below), to acquire Franchises to develop, own and operate Studios (the "**Development Rights**"). In exercising the Development Rights, you agree, at a minimum, to strictly comply with the Development Schedule reflected on **Exhibit A**. The Development Rights may only be exercised for Studios to be developed and operated within the Development Area described on **Exhibit A**.

Within each Franchise Agreement executed pursuant to this Agreement, we will assign its corresponding Studio a geographic area in which neither we nor any of our affiliates will establish or authorize any person or entity to establish another Studio using the Marks and the Franchise System (each a "**Protected Area**", as further defined and described in each Franchise Agreement); however, these Protected Area radii for your Studios will be separate and distinct from the Development Area.

Your Development Area automatically excludes the Protected Area radii for any existing Studios therein as of the date of this Agreement, regardless of whether such radii are defined, described, or otherwise illustrated in maps attached to **Exhibit A**. If a third-party's development area is adjacent to your Development Area, you acknowledge and agree that the Protected Area radii for the third-party's Studios may extend into your Development Area depending on those Studios' final locations.

The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continue until the earlier of: (1) the date on which you sign an approved lease for the last Studio that is required to be opened in order to satisfy the Development Schedule, or (2) the last day of the last Development Period (defined below) (the "**Term**").

The Development Rights are limited to the rights to acquire Franchises in accordance with and as described in this Agreement. Rights to develop and operate Studios or to use the Marks are granted only pursuant to individual Franchise Agreements, and you agree that the Development Rights do not include any such rights. You also acknowledge that we grant rights only pursuant to the expressed provisions of written agreements and not in any other manner, including orally or by implication, innuendo, extension or extrapolation.

An "**Affiliate**" is an Entity (defined below) in which you or your owners (i) own more than 51% of the issued and outstanding ownership interests and voting rights or (ii) have the right and power to control and determine the Entity's management and policies.

For purposes of clarity, the Development Rights granted hereunder and the Development Area solely concern your anticipated development, ownership, and operation of Elements Massage® Studios. Following the Effective Date, if you request to, and we agree to permit you to, alternatively develop, own, and operate Franchises within our affiliated brands, we: (i) may reduce, modify, or replace the Development Area; and (ii) will require you to pay a supplemental lump-sum fee to satisfy the difference between the fees charged by our affiliated brands and the Development Fee paid hereunder, in each case as we determine, within documentation to be signed by the parties. Further, you and your Affiliates must be in full compliance with this Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates) in order for us to consider such a request.

Lastly, if you request to amend the Development Area set forth in **Exhibit A**, and we agree to such amendment, we reserve the right to charge you an administrative fee of $1,000 concurrently with executing documentation to effectuate the amended Development Area.

C. GRANT OF RIGHTS TO OTHERS; RIGHTS WE RESERVE.

Except as described in this Section 1.C, and provided you and your Affiliates are in full compliance with this Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates), we will not, during the Term, either own Studios located in the Development Area or grant Franchises (or authorize the grant of Franchises) to any other person or entity to own new Studios to be located in the Development Area. For purposes of clarity, following the Term or any termination of this Agreement, we shall have the right to grant Franchises (or authorize the grant of Franchises) within the Development Area but not within the Protected Areas for Studios provided in the Franchise Agreements executed pursuant to this Agreement. Notwithstanding the foregoing, if multiple maps are attached to **Exhibit A**, once you develop a specified number of Studios within a specific map (which, if applicable, would be set forth in **Exhibit A**) in accordance with this Agreement and sign a Franchise Agreement for each Studio within such map, we shall have the right to grant Franchises (or authorize the grant of Franchises) to any other person or entity to own new Studios to be located within such map but not within the Protected Areas set forth in the Franchise Agreements for your Studios.

We are not otherwise restricted in any manner from engaging in any business activity whatsoever that is not expressly prohibited by this Agreement, including owning, operating and authorizing others to own and operate Studios outside the Development Area in our discretion.

We may also do any of the following anywhere in the world during the Term of this Agreement, even within the Development Area:

(1) own and operate or authorize others to own and operate therapeutic massage businesses under trademarks that are different from the Marks, even if such businesses offer products and services that are identical or similar to, and/or competitive with, products and services offered by Studios;

(2) use the Marks or any other trademarks or commercial symbols to own and operate businesses (other than Studios located in the Development Area as described above) and distribution channels (including the internet, retail stores, gift cards, or distribution or fulfillment centers), regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, even if such businesses sell products and/or services that are identical or similar to, and/or competitive with, those that Studios customarily sell;

(3) establish and operate, and allow others to establish and operate, businesses using the Marks or any other trademarks or commercial symbols at Captive Market Locations. "**Captive Market Locations**" are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Development Area;

(4) acquire the assets or ownership interests of one or more businesses, including Competitive Businesses (defined below), and franchise, license or create similar arrangements with respect to such businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operated (including within the Development Area or the Protected Areas for any of your Studios);

(5) be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Studios, or by any other business, even if such business operates, franchises, and/or licenses Competitive Businesses; and

(6) operate or grant any third party the right to operate any Studios that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any Franchise Agreement.

With respect to the acquisitions referenced in subsections (4) and (5) above, you acknowledge and agree that any Competitive Businesses that are acquired (or that are operated by a company that acquires us) may be converted into Studios that operate under the Marks, regardless of their location, including Competitive Businesses that are located within the Development Area or within the Protected Areas for any of your Studios on the date of the acquisition.

D. BEST EFFORTS/BUSINESS ENTITY.

You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the Development Rights during the Term and throughout the entire Development Area. You may not subcontract, subfranchise, or delegate any of your obligations under this Agreement to any third parties. If you are a corporation, limited liability company, partnership, or another form of business entity (collectively, an "**Entity**"), you agree and represent that:

(1) **Exhibit B** lists all of your owners and their interests as of the Effective Date;

(2) such persons as we designate, which may include the spouses of your owners, will execute an agreement, in the form set forth in **Exhibit C** (the "**Guaranty**"), under which such persons undertake

personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us; and

(3) the business that this Agreement contemplates will be the only business you operate (although your owners may have other, non-competitive business interests).

E. FINANCING; MAXIMUM BORROWING LIMITS; MINIMUM LIQUIDITY.

We have granted the Development Rights to you based, in part, on your representations to us, and our assessment of your levels of liquidity as of the Effective Date. You will ensure that, throughout the Term, you will maintain sufficient liquidity and working capital reserves to meet your obligations under this Agreement. We reserve the right to establish and modify specific liquidity requirements from time to time, and you agree to comply with the liquidity requirements that we reasonably impose. At our request, you will provide us with evidence of your liquidity and working capital availability.

2. EXERCISE OF DEVELOPMENT RIGHTS.

A. EXECUTION OF FRANCHISE AGREEMENTS.

Simultaneously with signing this Agreement, you or an approved Affiliate must sign and deliver to us a Franchise Agreement (which will reflect that no Initial Franchise Fee shall be due) and related documents representing the first Franchise you are obligated to acquire under this Agreement. You or your approved Affiliate must thereafter open and operate a Studio according to the terms of that Franchise Agreement. Thereafter, once we have approved a site, and prior to signing a lease or otherwise securing possession of the site, you or an approved Affiliate must sign our then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the Franchise Agreement in effect on the Effective Date. The Franchise Agreement will govern the development and operation of the Studio at the approved site identified therein.

B. PROPOSED SITES FOR STUDIOS.

You must give us all information and materials we request to assess each Studio site you propose and to assess your (and your proposed Affiliate's) financial and operational ability to fund the development and operation of each proposed Studio. We have the absolute right to disapprove any site or any Affiliate: (1) that does not meet our criteria, or (2) if you or your Affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement or operating your or their Studios in compliance with the System Standards (as defined in such Franchise Agreements). We will use our reasonable efforts to review and approve or disapprove any sites you propose within thirty (30) days after we receive all requested information and materials. Once we approve a proposed site, you or your approved Affiliate must sign a separate Franchise Agreement as described in Section 2.A. If you or your approved Affiliate fails to do so within fifteen (15) days after we provide you with an execution copy of the Franchise Agreement, we may withdraw our approval. In addition, we reserve the right to propose sites to you within the Development Area for the development of Studios contemplated by this Agreement.

C. COMPLIANCE WITH DEVELOPMENT SCHEDULE.

Each period described in the Development Schedule is a "**Development Period**." You or your approved Affiliates must satisfy the obligations described on the Development Schedule (reflected on **Exhibit A**) during and as of the end of each Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Studios specified in the Development Schedule or during any particular Development Period. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

Except for the final Studio to be developed pursuant to the Development Schedule, we will count a Studio toward the Development Schedule only if it is actually open and operating for full use by clients within the Development Area and substantially complying with the terms of its Franchise Agreement as of the end of the Development Period. However, a Studio which is, with our approval or because of fire or other casualty, permanently closed during the last ninety (90) days of a Development Period, after having been open and operating, will be counted toward the development obligations for the Development Period in which it closed, but not thereafter.

D. FAILURE TO COMPLY WITH DEVELOPMENT SCHEDULE.

If you fail to comply with the Development Schedule as of the end of any Development Period, in addition to terminating this Agreement under Section 7 and asserting any other rights we have under this Agreement as a result of such failure, we may (but need not) elect to revoke our agreement under Section 1.C not to grant similar development or franchise rights to others within the Development Area, reduce the size of the Development Area, and re-configure the Development Area, in each case, as we determine. Notwithstanding the foregoing, we agree that we will not terminate this Agreement if: (A) you are making Reasonable Efforts (as defined below) to comply with the Development Schedule; and (B) we mutually agree to amend such Development Schedule in good faith. For purposes of clarification, the following activities will constitute "Reasonable Efforts": (1) if you are actively engaged with a real estate broker and are actively looking at real estate site locations for a Studio within fifteen (15) business days prior to the end of any Development Period set forth in Exhibit A; (2) if you signed a letter of intent or are actively engaged in lease negotiations regarding a lease for a Studio; or (3) if you are actively participating in bi-weekly real estate calls with a member of our real estate team.

E. RECORDS AND REPORTING.

Upon our request or as otherwise noted, you agree to provide us with the following records and reports:

(1) Within sixty (60) days after the Effective Date, you may be required to prepare and give us, a business plan covering your projected revenues, costs and operations under this Agreement. This business plan will include your detailed projections of development costs and detailed revenue projections for your Studios. No more often than once per calendar year and within sixty (60) days after the start of each calendar year during the Term, you may be required to update the business plan to cover both actual results for the previous year and projections for the then current year. You acknowledge and agree that, while we may review and provide comments on the business plan and any updates you submit to us, regardless of whether we approve, disapprove, require revisions or provide other comments with respect to the business plan or any updated business plan, we take no responsibility for and make no guarantees or representations, expressed or implied, with respect to your ability to meet the business plan or to achieve the results set forth therein. If we request and approve your business plan or any updates to it, you must comply with it in all material respects. You bear the entire responsibility for achievement of the business plan you develop.

(2) No more often than once per month, within seven (7) days after the end of each month during the Term, you may be required to send us a report of your business activities during that month, including information about your efforts to find sites for Studios in the Development Area and the status of development and projecting openings for each Studio under development in the Development Area.

(3) Within twenty-eight (28) days after the end of each calendar quarter, you must provide us with consolidated balance sheet and profit and loss statements for you and your Affiliates covering that quarter and the year-to-date and an updated balance sheet and related financial statements for each person signing the Guaranty.

(4) Within sixty (60) days after the end of each calendar year, you must provide us with an annual profit and loss and source and use of funds statements and a balance sheet, consolidated for you and your Affiliates covering the previous year. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years audited by an independent accounting firm designated by us in writing.

Each of the foregoing shall be in the form and format that we reasonably specify, shall be delivered to us in the manner we specify, and shall be certified as correct by you (or one of your owners).

3. FEES.

On your execution of this Agreement, you must pay us a nonrefundable development fee in an amount equal to [$_____] (the "**Development Fee**"). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable.

4. CONFIDENTIAL INFORMATION; INNOVATIONS.

A. CONFIDENTIAL INFORMATION.

All information furnished to you by us, whether orally or in writing, including the Franchise Agreements, this Agreement, the System, plans, specifications, financial or business data or projections, all documents, data, information, materials, reports, proposals, procedures, financial information, compensation information, proposed advertising, advertising and marketing plans, operations manuals, formulas, samples, improvements, models, drawings, programs, compilations, devices, methods, designs, techniques and specifications, inventions, know-how, processes, business plans, marketing techniques, information generated by, or used or developed in, your Studios' operations, including information relating to clients (such as client names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information, and similar information), purchasing techniques, supplier lists, supplier information, advertising strategies, operations, our trade secrets, or any other forms of business information, whether or not marked as confidential (collectively, the "**Confidential Information**"): (1) shall be deemed proprietary and shall be held by you in strict confidence; (2) shall not be disclosed or revealed or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance; and (3) shall not be used except to the extent necessary to exercise the Development Rights or as permitted under Franchise Agreements, and then only in circumstances of confidence and in accordance with the obligations set forth in the Franchise Agreements. You will protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care.

All Confidential Information will at all times remain our sole property. You agree to return to us or destroy, at our election, all Confidential Information in your possession or control and permanently erase all electronic copies of such Confidential Information promptly upon our request or upon the expiration or termination of this Agreement, whichever comes first. At our request, you will certify in writing signed by one of your officers that you have fully complied with the foregoing obligations.

B. INNOVATIONS.

You agree that, as between us, we or our affiliates own the System and any Confidential Information, and that your rights to use the System and Confidential Information, derive solely from this Agreement or from Franchise Agreements executed pursuant to this Agreement. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with

us, shall be owned solely by us or our affiliates. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 4.B, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 4.B with the same legal force and effect as if executed by you.

C. GENERAL.

If you breach any of the provisions of this Section 4, we will be entitled to equitable relief, including in the form of injunctions and orders for specific performance, in addition to all other remedies available at law or equity. The obligations under this Section 4 shall survive any expiration or termination of the Agreement.

5. RESTRICTIVE COVENANTS DURING TERM.

A. COVENANTS AGAINST COMPETITION.

We have granted you the Development Rights in consideration of and in reliance upon your agreement to deal exclusively with us. Therefore, during the Term, you agree that, other than in accordance with this Agreement, neither you, your Affiliates, nor any of your or their officers, directors, shareholders, members, partners or other owners, nor any spouse of yours or any of these individuals (collectively, "**Bound Parties**"), shall:

(1) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), wherever located or operating;

(2) perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any business or memberships related to the Studios, your business, or any other franchisee's Studio by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of ours, any of our affiliates, or another franchisee or developer, to any Competitive Business;

(4) interfere with the relationships we, our affiliates, or our franchisees have from time to time with vendors, suppliers or consultants;

(5) engage in any other activity which might injure the goodwill of the Marks and/or the System; or

(6) directly or indirectly assist an immediate family member of any of the Bound Parties in engaging in any of the activities listed in subsections (1)–(5) above.

The term "**Competitive Business**" for purposes of this Agreement, means any business (other than a franchise operated under a Franchise Agreement with us or our affiliate) operating or granting franchises or licenses to others to operate any business that: (i) offers therapeutic massage or bodywork services or related

products or services; or (ii) offers or sells products, services, educational materials, or conducts workshops for services that are the same as, similar to, or competitive with the System or other Studios.

B. COVENANTS FROM OTHERS.

You agree to obtain from the Bound Parties similar agreements regarding non-competition (Section 5.A and Section 7.C) and Confidential Information (Section 4). You must provide us with copies of all such agreements on our request. We may regulate the forms of agreement that you use and be a third-party beneficiary of the agreement with independent enforcement rights. You may not assume that any such form we provide you is or will be enforceable in a particular jurisdiction. You are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of such forms, but you must secure our approval, prior to use, of any form that contains variations from the form we provide.

6. TRANSFER.

A. BY US.

This Agreement inures to the benefit of us and our successors and assigns, and we have the right to transfer or assign all or any part of our interest, rights, privileges, duties and obligations hereunder to any person or legal entity without your approval.

B. BY YOU.

You acknowledge that we have granted you the Development Rights in reliance upon, and in consideration of, your business skills, financial capacity and other required qualifications. Accordingly, the rights and duties created under this Agreement are personal to you. Your interest in this Agreement, any of your rights under this Agreement, the Development Rights or any interest therein, and any direct or indirect ownership interest in you (regardless of its size), any approved Affiliate, or any of your owners (if such owners are legal entities) may not be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner (collectively, a "**transfer**"), without our prior written consent. Any actual or intended assignment, transfer or sale made in violation of the terms of this Section 6.B shall be null and void and shall constitute a material breach of this Agreement, constituting good cause for termination of this Agreement. Additionally, you may not pledge or encumber this Agreement, your Development Rights or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing, unless (i) we grant our prior written consent and (ii) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

The Development Rights may not be transferred.

We will not unreasonably withhold our consent to a transfer of any direct or indirect ownership interest in you (if you are an entity), provided all of the following conditions are met before or concurrently with the effective date of the transfer:

(1) you have met all requirements of the Development Schedule, the proposed transferee provides information to us sufficient for us to assess the transferee's business experience and aptitude, and the transferee demonstrates sufficient financial resources to satisfy the remaining requirements of the Development Schedule;

(2) neither you nor your Affiliates have violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(3) neither the transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(4) the transferee and its Affiliates collectively will not directly or indirectly own more than six percent (6%) of the total number of Elements Massage studios then in operation in the United States, including any Studios developed in relation to this Agreement. You acknowledge that we reserve the right to make exceptions to this condition;

(5) you pay us a transfer fee equal to $2,500 for administrative costs and expenses we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees;

(6) you, your owners, and any other guarantors under this Agreement, execute a consent to transfer, which will include a general release and a non-disparagement clause, in a form satisfactory to us, releasing us and our affiliates, and our and their respective officers, directors, members, shareholders, employees and agents, in their corporate and individual capacities, from any and all claims, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(7) all individuals and entities who will be direct or indirect owners of the transferee must execute or have executed a guaranty in the form we prescribe;

(8) we have determined that the purchase price and payment terms between you and the transferee will not adversely affect the transferee's ability to meet the Development Schedule or operate any of the Studios developed pursuant to this Agreement;

(9) the transferee's obligations under promissory notes, agreements, or security interests are subordinate to the transferee's obligation to pay any amounts due to us, our affiliates, and third-party vendors related to the operation of the Studios and otherwise to comply with the Development Schedule and this Agreement;

(10) you and your transferring owners agree to terminate this Agreement in accordance with its terms, and comply with all applicable post-termination obligations, including by complying with the restrictive covenants found in Section 7.C of this Agreement.

You acknowledge that the proposed transferee will be evaluated by us based on the same criteria as those currently being used to assess new developers and that the proposed transferee will be provided with the disclosures required by law. We may review all information regarding the Development Rights and your area development business that you give the transferee, and we may give the transferee copies of any reports or information that you have given us or that we have made regarding your area development business. Our consent to a transfer pursuant to this Section 6.B is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

C. <u>OUR RIGHT OF FIRST REFUSAL</u>.

If you (or any of your owners) at any time determine to sell or transfer for consideration a controlling interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Section 6.B above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price, and must be contingent upon our waiver of our right of first refusal as described in this Section 6.C. We may

require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Upon our receipt of the offer and other documents, we will have thirty (30) days in which to exercise our right of first refusal on the same terms and conditions set forth within the offer. During such period, we may also notify you that we have acted to withhold approval of the proposed transfer and will provide you with the specific reasons for such action.

7. TERMINATION OF AGREEMENT.

A. DEFAULT; EVENTS OF TERMINATION.

You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you (or any of your owners) or your Affiliates breach any of the terms of any other area development agreement, franchise agreement, or any other agreement between you (or any of your owners) or your Affiliates and us or any of our affiliates.

Notwithstanding anything otherwise contained in this Agreement, we will have the right to terminate this Agreement at any time and without notice, upon the happening of any one or more of the following events:

(1) you or your Affiliates fail to pay any amount due under this Agreement or any Franchise Agreement when and as it becomes due and payable, and such failure continues for a period of ten (10) days after written notice from us;

(2) you cease or threaten to cease to carry on the business granted to you under this Agreement, or take or threaten to take any action to liquidate your assets, or if you do not pay any debts or other amounts incurred by you in operating the business hereunder when such debts or amounts are due and payable;

(3) except as otherwise provided in Section 2.D. herein, you fail to comply with the Development Schedule;

(4) you make or purport to make a general assignment for the benefit of creditors; or if you hereto institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against you; or if a custodian, receiver, manager or any other person with like powers is appointed to take charge of all or any part of the business granted hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if you commit or suffer any default under any contract of conditional sale, mortgage or other security instrument in respect of the business being operated hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if any of your goods, chattels or assets or of the business are seized or taken in execution or in attachment by a creditor, or if a writ of execution is issued against any of such goods, chattels, or assets; or if a judgment or judgments for the payment of money in amounts in excess of $5,000, is rendered by any court of competent jurisdiction against you;

(5) you fail to furnish reports, financial statements, tax returns or any other documentation required by the provisions of this Agreement and do not correct such failure within ten (10) days following notice;

(6) if you are an Entity, (i) an order is made or a resolution passed or any proceedings taken towards your winding up or liquidation or dissolution or amalgamation; or (ii) you lose your charter by expiration, forfeiture or otherwise;

(7) you or any of your owners has made any material misrepresentation or omission in your or their application and the documents and other information provided to us to support your or their application to acquire the rights granted in this Agreement;

(8) you (or any of your owners) make or attempt to make an unauthorized transfer (as defined in Section 6.B);

(9) you (or any of your owners): (i) are convicted of or plead guilty or "no-contest" to a felony, (ii) are convicted of or plead guilty or "no contest" to any crime or other offense likely to adversely affect the reputation of Studios or the goodwill of the Marks, or (iii) engage in any conduct which, in our opinion, adversely affects or, if you were to continue as a developer under this Agreement, is likely to adversely affect the reputation of the business you conduct pursuant to this Agreement, the reputation and goodwill of Studios generally or the goodwill associated with the Marks;

(10) we provide written notice of your (or any of your owners') failure: (i) on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, or (ii) on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, in any case, whether or not you correct the failures after our delivery of notice to you;

(11) if there is a termination of any other area development agreement, franchise agreement, or any other agreement between you (or any of your owners) or your Affiliates and us or any of our affiliates; or

(12) you fail to observe, perform or comply with any other of the terms or conditions of this Agreement not listed in Section 7.A(1) through (11) above, and such failure continues for a period of ten (10) days after written notice thereof has been given by us to you.

B. EFFECTS OF TERMINATION OR EXPIRATION.

(1) **Effects**. On the expiration or termination of this Agreement for any reason whatsoever, the following provisions apply:

(a) all of your rights under this Agreement will cease, and you are no longer entitled to exercise the Development Rights or hold yourself out to the public as being a developer of Studios;

(b) you must immediately cease using all of our Confidential Information and return to us, or destroy, any Confidential Information in your possession or control as further described in Section 4.A. above (except that you may retain and continue to use any Confidential Information that you are permitted to use under any Franchise Agreements which remain in full force and effect); and

(c) without limiting any other rights or remedies to which we may be entitled, you must pay all amounts owing to us pursuant to this Agreement up to the date of termination.

C. COVENANT NOT TO COMPETE / NON-SOLICITATION.

(1) **Non-Competition**. Upon termination or expiration of this Agreement, or upon any transfer, you and your owners agree that, for two (2) years beginning on the effective date of termination, expiration or

transfer, or the date on which all persons restricted by this Section 7.C begin to comply with this Section 7.C, whichever is later, neither you nor your Affiliates, nor any of the Bound Parties will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating:

(a) within the Development Area; and

(b) within a three (3) mile radius of any Studio in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section 7.C begin to comply with this Section 7.C.

(2) **Non-Solicitation**. You further agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of the Bound Parties, will:

(a) interfere or attempt to interfere with our, our affiliates' or our franchisees' relationships with any vendors or consultants; or

(b) engage in any other activity which might injure the goodwill of the Marks and/or the System.

D. SURVIVAL OF COVENANTS.

Notwithstanding the expiration, termination or transfer of this Agreement for any reason whatsoever, all covenants and agreements to be performed or observed by you will survive any such termination, expiration or transfer.

8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

Each of us is an independent contractor, and neither is considered to be the agent, representative, master or servant of the other for any purpose. Neither of us has any authority to enter into any contract, to assume any obligations or to give any warranties or representations on behalf of the other. Nothing in this Agreement may be construed to create a relationship of partners, joint venturers, fiduciaries, agency or any other similar relationship between us and you.

B. INDEMNIFICATION.

To the fullest extent permitted by law, you agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective current and former owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to

settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section 8.B. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 8.B.

9. ENFORCEMENT; ARBITRATION.

A. ARBITRATION

We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to:

(a) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);

(b) our relationship with you; or

(c) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 9.A, which we and you acknowledge is to be determined by an arbitrator, not a court);

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one (1) arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within fifty (50) miles of our then-current principal place of business (currently, Denver, Colorado). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq*.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND

EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in accordance with Section 9.A.; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

(1) production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

(2) the production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(3) the description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;

(4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

(5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration each side may take no more than three (3) depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories.

The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

B. GOVERNING LAW.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) (THE "**LANHAM ACT**"), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE DEVELOPMENT RIGHTS, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, COLORADO) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

C. CONSENT TO JURISDICTION.

SUBJECT TO SECTION 9.A, YOU AND THE BOUND PARTIES AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN A STATE OR FEDERAL COURT IN THE LOCATION IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, WHICH IS CURRENTLY DENVER, COLORADO, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

D. WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS.

WE, YOU AND THE OTHER BOUND PARTIES EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT BY ANY PARTY. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 8.B, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

E. INJUNCTIVE RELIEF.

Nothing in this Agreement, including the provisions of Section 9.A, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from a court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You also agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). You further agree to pay all filing costs and reasonable attorneys' fees, costs, and expenses that we incur in connection with the enforcement of this Section 9.E.

You and your owners acknowledge that any failure to comply with the requirements of Sections 5.A. and 7.C. would result in irreparable injury to us for which no adequate remedy at law may be available. You and your owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of Sections 5.A. and 7.C. (as applicable), without the requirement that we post a bond. You and your owners agree to pay all filing costs and reasonable attorneys ' fees and costs that we incur in connection with the enforcement of Sections 5.A. and 7.C. including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of Sections 5.A. and 7.C., or any part of them.

F. LIMITATION OF CLAIMS.

Except for claims arising from your non-payment or underpayment of amounts you owe to us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced in accordance with this Agreement within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

You and your owners agree that our and our affiliates' owners, directors, managers, officers, employees and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

G. ATTORNEYS' FEES AND COSTS.

The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation. References to "**attorneys' fees**" concerning amounts which are due and owing to us include any work performed by any attorneys and legal staff working on our behalf, expressly including our in-house attorneys, paralegals, and our administrative costs. In addition to any of your obligations herein to indemnify us against, reimburse us for, or otherwise pay our attorneys' fees and costs, our in-house attorneys' work will be invoiced to you at their then-current hourly billing rate (currently, $400 per hour) while our paralegals' work will be invoiced to you at their then-current hourly billing rate (currently, $150 per hour). Notwithstanding the foregoing and for the purpose of clarity, nothing in this Agreement will be construed as establishing a joint-representation arrangement of any kind whatsoever between you and our in-house legal department.

10. MISCELLANEOUS.

A. NOTICES.

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and must be delivered (1) personally; (2) by email to legal@wellbizbrands.com; (3) mailed by registered mail, postage prepaid; or (4) sent by reputable overnight

courier (such as Federal Express or UPS), to the said parties at their respective addresses set forth in the opening paragraph of this Agreement to the attention of the person indicated below:

If to us: Attention: Legal Department

If to you: Attention: _____

or at any such other address or addresses (including email) as the party to whom such notice, consent approval, statement, documentation or other communication is to be given, may designate by notice in writing so given to the other parties hereto as provided hereinbefore. If any one of the said parties is comprised of more than one person or Entity, any notice, consent, approval, statement, document or other communication may be given by or to any one thereof, and it will have the same force and effect as if given by or to all thereof. Any notices, consents, approvals, statements, documents or other communications, (i) if delivered personally, will be deemed to have been given on the day of delivery, (ii) if emailed will be deemed to have been given at the time of transmission; (iii) if mailed will be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or (iv) if sent via overnight courier when received or refused.

B. JOINT AND SEVERAL OBLIGATION.

If either you are comprised of more than one individual or Entity, the obligations of each such individual and Entity under this Agreement will be joint and several.

C. SEVERABILITY.

If any term or condition of this Agreement is, to any extent, declared to be invalid or unenforceable, all other terms and conditions of this Agreement, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term and condition of this Agreement will be separately valid and enforceable to the fullest extent permitted by law.

D. HEADINGS; CONSTRUCTION.

Headings preceding the text, sections and subsections hereof have been inserted solely for convenience of reference and will not be construed to affect the meaning, construction or effect of this Agreement. Whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision. The term "including" means "including, without limitation" unless otherwise noted. The term "control" means the right and power to direct or cause the direction of an entity's management and policies.

E. WAIVER.

The waiver by either you or us of a breach of any term or condition contained in this Agreement will not be deemed to be a waiver of such term or condition or any subsequent breach of the same or any other term or condition herein contained unless such waiver is expressly set forth in writing. A party's failure to exercise any right to demand exact compliance and any custom or practice at variance with the terms and conditions of this Agreement will not constitute a waiver of the right to demand exact compliance with the terms and conditions hereof. Our subsequent acceptance of any amount payable hereunder, will not be deemed to be a waiver of any preceding breach of any term or condition of this Agreement, other than the failure to pay the particular amount so accepted, regardless of our knowledge of such preceding breach at the time of acceptance of such amount.

F. FURTHER ASSURANCES.

You and we agree to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted,

exercise our vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

G. ENTIRE AGREEMENT.

This Agreement and all schedules attached hereto constitute the entire agreement of the parties hereto and all prior negotiations, commitments, representations, warranties, agreements and undertakings made prior hereto are hereby merged. Other than the representations in the franchise disclosure document you received from us, there are no other inducements, representations, warranties, agreements, undertakings, or promises, (oral or otherwise) among you and us relating to the subject matter of this Agreement. No subsequent alteration, amendment, change or addition to this Agreement or any schedules will be binding upon the parties hereto unless reduced to writing and signed by us and you or our and your respective heirs, executors, administrators, successors or assigns. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

H. BINDING AGREEMENT.

This Agreement will inure to the benefit of and be binding upon us and our successors and assigns and will be binding upon you and your heirs, executors, administrators, successors and authorized assigns.

I. COUNTERPARTS.

This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures transmitted via facsimile or scanned and emailed shall have the same force and effect as originals.

[signature page follows]

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

ELEMENTS THERAPEUTIC MASSAGE, LLC,
a Delaware limited liability company

Sign:_____
Name:_____
Title:_____

DATED*:_____
(*This is the Effective Date of this Agreement)

DEVELOPER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
Entity Name

_____
Signature

Name:_____

Title:_____

DATED:_____

DEVELOPER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
Signature

_____
Print Name

DATED:_____

EXHIBIT A
TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA; DEVELOPMENT SCHEDULE AND OWNERSHIP

The **Development Area** is comprised of:_____, as further depicted within the outlined area(s) of the map(s) attached hereto. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

[AS APPLICABLE: For purposes of the Development Schedule set forth below, [_____] Studios must be opened in Map #1 attached hereto and [_____] Studios must be opened in Map #2 attached hereto.]

The **Development Schedule** is as follows:

Development Period	**Number of New Studios to be Opened During Development Period**	**Cumulative Number of Studios to be Operating by End of Development Period**
Effective Date to 6 Months Thereafter;	_____	_____
The earlier of: 6 months from the opening of the 1st Studio, or 12 months from the Effective Date;	_____	_____
_____ to _____	_____	_____
_____ to _____	_____	_____

[*Signature Page & Map of Development Area (If Applicable) Follow*]

IN WITNESS WHEREOF, the parties have executed and delivered this Exhibit A to be effective as of the Effective Date.

ELEMENTS THERAPEUTIC MASSAGE, LLC,
a Delaware limited liability company

Sign:_____
Name:_____
Title:_____

DATED*:_____
(*This is the Effective Date of this Exhibit A)

DEVELOPER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
Entity Name

_____
Signature

Name:_____

Title:_____

DATED:_____

DEVELOPER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
Signature

_____
Print Name

DATED:_____

MAP OF DEVELOPMENT AREA

EXHIBIT B
TO AREA DEVELOPMENT AGREEMENT

OWNERSHIP INTERESTS

1. **Form of Owner**.

You are signing as an individual or individuals: ☐Yes ☐ No

You operate as a ☐ corporation, ☐ limited liability company, or ☐ partnership (CHECK ONE). You were formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and (INSERT ANY ASSUMED NAME OR DBA THAT YOU HAVE USED).

2. **Management**. The following is a list of your managers, directors, and officers, as applicable, as of the date of this Agreement:

Name	**Position(s) Held**

3. **Owners**. The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	**Percentage/Description of Interest**

EXHIBIT C
TO AREA DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("**Guaranty**") is given on ____ _____, by the persons indicated below who have executed this Agreement (each a "**Guarantor**").

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the "**Agreement**") on this date by **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company ("**Franchisor**," "**we**," "**us**," or "**our**"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ ("**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements therein.

Each Guarantor hereby consents and agrees that: (1) Guarantor's liability under this Guaranty shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Developer and among other Guarantors; (2) Guarantor shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other Guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement, for so long as any performance is or might be owed under the Agreement by Developer or its owners, and for so long as Franchisor has any cause of action against Developer or its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Developer, and each Guarantor waives notice of any and all renewals, extensions, modifications, amendments, or transfers; (6) upon our request, Guarantor must submit to us suitable credit and financial information to allow Franchisor to make a reasonable decision as to the Guarantor's creditworthiness and financial position including, without limitation, a personal net worth statement and such other information which would reasonably be considered relevant to Franchisor in determining whether or not Guarantor has the ability to satisfy their obligations under this Guaranty; (7) this Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Agreement by a trustee of Developer. Neither Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (8) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer. Guarantor hereby waives the defense of the statute of limitations in any

action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; (9) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor; and (10) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by Franchisor of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which Guarantor may be entitled.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such undersigned (or on such undersigned's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each Guarantor acknowledges and represents that they have had an opportunity to review the Agreement and agrees that the provisions of Section 9 (Enforcement; Arbitration) have been reviewed by Guarantor and are incorporated, by reference, into and shall govern this Guaranty and any disputes between Guarantor and Franchisor. Guarantor agrees to be personally bound by the arbitration obligations under Section 9.A. of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 9.A. of the Agreement in accordance with its terms. Nonetheless, each Guarantor agrees that Franchisor may also enforce this Guaranty and awards in the courts of the state or states in which Guarantor is domiciled.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

_____
Name of Guarantor

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Name of Guarantor's Spouse

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Signature of Guarantor's Spouse

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Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

EXHIBIT D
TO AREA DEVELOPMENT AGREEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

(AREA DEVELOPMENT AGREEMENT)

(Not Applicable to Prospective Developers in CA, HI, IL, MD, MN, NY, ND, VA, and WA)

The purpose of this Statement is to demonstrate to Elements Therapeutic Massage, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the Development Rights, (a) fully understands that the purchase of area development rights is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise for the Development Rights (the "Franchise").

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a Franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the Franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	**INITIAL:**
I received a copy of the FDD, including the Area Development Agreement, at least 14 calendar days (10 business days in Michigan) before I executed the Area Development Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the Franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the Franchise.	**INITIAL:**
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the Franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD or as indicated below (**write "None" if none provided**): _____ _____.	**INITIAL:**
My decision to purchase the Franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the Franchise.	**INITIAL:**

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	**INITIAL:**
I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the Franchise (including any statement, promise or assurance concerning the likelihood of my success) except as contained in the FDD or as indicated below (**write "None" if none provided**): _____ _____.	**INITIAL:**

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the Franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Area Development Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

[Signature Page Follows]

Sign here if you are taking the Franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

Sign here if you are taking the Franchise as a
CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By: _____
Print Name: _____
Title: _____
Dated: _____

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

California residents should not complete this Questionnaire. If any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

NOTE TO WASHINGTON RESIDENTS OR FRANCHISEES WITH A DEVELOPMENT AREA LOCATED IN WASHINGTON: This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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EXHIBIT D1

LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
C.A.M. Massage Therapy, LLC	6920 Airport Blvd	111	Mobile	AL	36608	Claudia McClure	251-342-6418	
A Touch of Bliss LLC	29455 N Cave Creek Rd	114	Cave Creek	AZ	85331	Karla Rosser	480-420-0701	
WM Chandler Investments, LLC	3431 W Frye Rd	6	Chandler	AZ	85226	Ed Wagner	480-435-9546	
WM Chandler Investments, LLC	3901 S Arizona Ave	1	Chandler	AZ	85248	Ed Wagner	480-428-3079	
MS Therapeutic, LLC	7131 W Ray Rd	4	Chandler	AZ	85226	Douglas Schwab	480-436-8193	
Angela Christy Enterprises 2, LLC	2556 S Val Vista Dr	105	Gilbert	AZ	85295	Angela Sarhaddi	480-436-8290	
Elemaz, LLC	19420 N 59th Ave	E-515	Glendale	AZ	85308	Don Gatzemeier	480-524-1971	
Palm Valley Healing LLC	14175 W Indian School Rd	D5	Goodyear	AZ	85395	Don Gatzemeier	623-232-3536	
Rothatron, LLC	805 N Dobson Rd	107	Mesa	AZ	85201	Craig Roth	480-447-2669	
Second Gig, LLC	6747 E McDowell Rd	105	Mesa	AZ	85215	Ronald Gatza	602-562-8384	
Gatza Investment Group, Inc.	1705 S Greenfield Rd	103	Mesa	AZ	85206	Ronald Gatza	480-498-5183	
Angela Christy Enterprises, LLC	1917 S Signal Butte Rd	B105	Mesa	AZ	85209	Angela Sarhaddi	480-535-8250	
Mesa Gateway Wellness, LLC	5052 S Power Rd	105	Mesa	AZ	85212	Carlos Venegas	480-359-4936	
Healing Triangle, LLC	23757 N Scottsdale Rd	110	North Scottsdale	AZ	85255	Nelson Crespo	480-378-0730	
KJE Enterprises, LLC	7857 W Bell Rd	Suite 108	Peoria	AZ	85382	Don Gatzemeier	623-399-4400	
Camelback Wellness LLC	1949 E Camelback Rd	142	Phoenix	AZ	85016	Samuel Humphrey	480-500-7728	
Moon Valley Wellness, LLC	630 E Bell Rd	102	Phoenix	AZ	85022	Jeffrey Crenshaw	480-616-2462	
Primera - AS LLC	21050 N Tatum Blvd	D-102	Phoenix	AZ	85050	Analydia Shooks	602-603-7816	
KV Cleveland Group, Inc.	4325 E Indian School Rd	105	Phoenix	AZ	85018	Silvia Veronica Salcedo-Cleveland	480-386-0587	
Rack Norterra LLC	2501 W Happy Valley Rd	32-1060	Phoenix	AZ	85085	Rodd Schifferdecker	623-243-1042	
Gatz EM 4, LLC	10625 N Tatum Blvd	D-138	Phoenix	AZ	85028	Jeffery Crenshaw	480-483-1123	
Ocotillo Wellness Group, LLC	40930 N Ironwood Dr	106	Queen Creek	AZ	85140	Carlos Vanegas	480-877-0846	
Desert Ridge Wellness, LLC	6204 N Scottsdale Rd	103	Scottsdale	AZ	85253	Jeffrey Crenshaw	480-485-1132	
Healing Horizon, LLC	14700 N Frank Lloyd Wright Blvd	153	Scottsdale	AZ	85260	Nelson Crespo	480-582-2891	
Healing Hands, LLC	16255 N Scottsdale Rd	C-5	Scottsdale	AZ	85254	Nelson Crespo	480-498-5124	
Central Scottsdale Wellness LLC	9343 E Shea Blvd	120	Scottsdale	AZ	85260	Marjorie Crenshaw	480-524-1971	
Rothnado, L.L.C.	5116 S Rural Rd	125	Tempe	AZ	85282	Craig Roth	480-498-5223	
Bay Area Massage	3168 Danielle Blvd	D	Alamo	CA	94507	Laura Sanders	925-725-4019	
5Rock Ventures, LLC	1604 W Campbell Ave		Campbell	CA	95008	Roger LaPierre	408-620-4972	
Conkillian Enterprises Inc.	2701 Harbor Blvd	E-3	Costa Mesa	CA	92626	Erina Buckley	949-264-4491	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
Go Modern Health, Corp.	27901 La Paz Rd	E	Laguna Niguel	CA	92677	Michael O'Keefe	949-264-8116	
TTE Enterprises, Inc.	2267 S El Camino Real	C	Oceanside	CA	92054	Tammy Epley	760-418-4509	
TTE Enterprises	7945 Vineyard Ave	D-2	Rancho Cucamonga	CA	91730	Tammy Epley	909-284-8499	
Restorative Wellness LLC	39 E 4th Ave		San Mateo	CA	94401	Salita LaPierre	650-239-6112	
Ahmed Salon LLC	2415 San Ramon Valley Blvd	1	San Ramon	CA	94583	Zareef Ahmed	925-266-3372	
TTE Enterprises, Inc.	26568 Bouquet Canyon Rd		Santa Clarita	CA	91350	Tammy Epley	661-206-2036	
Athena Stone Wellness Inc.	2845 Cochran St	A	Simi Valley	CA	93065	Carolyn Boucher	805-250-3056	
Carlsbad Massage, LLC	3247 Camino de Los Coches	110	South Carlsbad	CA	92009	Peter Kovacs	760-459-8928	
Latte Stone Wellness LLC	308 W El Camino Real		Sunnyvale	CA	94087	Roger LaPierre	408-624-8150	
Ygnacio Valley Massage II LLC	2870 Ygnacio Valley Rd		Walnut Creek	CA	94598	Monica Hahn	925-261-6955	
Mare, Inc.	2281 E Thousand Oaks Blvd		Westlake Village	CA	91362	Janice Juergens	805-261-3584	
eVelo Franchise Concepts LLC	8770 Wadsworth Blvd	T	Arvada	CO	80003	Benjamin Maxwell	720-642-6387	
Mountain Jay Enterprises, Inc.	3571 S Tower Rd	A	Aurora	CO	80013	Jay Peppin	720-574-1106	
Mills Massage, LLC	2321 30th St		Boulder	CO	80301	Kate Mills	720-336-8039	
JTI, Inc.	4550 W 121st Ave	Suite A1	Broomfield	CO	80020	John Mendez	720-759-2699	
Health Connections of Castle Rock, Inc.	4991 Factory Shops Blvd	120	Castle Rock	CO	80108	Mark & Kristin Adams	303-504-8503	
Health Connections of Castle Rock, Inc.	323 Metzler Dr	105	Castle Rock	CO	80104	Mark Adams	720-370-8437	
Mountain Jay Enterprises, Inc.	15446 E Orchard Rd		Centennial	CO	80016	Jay Peppin	720-642-7537	
Elements Park Meadows West, LLC	8200 S Quebec St	Suite A6	Centennial	CO	80112	Dan Demolli	720-642-7441	
Elements Briargate, LLC	9475 Briar Village Point	Suite 154	Colorado Springs	CO	80902	Dan Demolli	719-247-3243	
Elements Stetson Hills, LLC	5966 Stetson Hills Blvd		Colorado Springs	CO	80923	Dan Demolli	719-284-0353	
1319 Wellness LLC	14650 W Colfax Ave	G1, #120	Denver	CO	80401	Carly Opheim	720-642-7465	
Elements Cherry Creek, LLC	1367 E 6th Ave	East Unit	Denver	CO	80218	Elements Cherry Creek, LLC	720-642-7454	
For the Health of It, LLC	8575 Arapahoe Road	Suite L	Greenwood Village	CO	80112	Thomas Windley	720-464-6985	
Elements Highlands Ranch, LLC	4004 Red Cedar Dr	C-3	Highlands Ranch	CO	80126	Dan Demolli	720-642-7478	
Elements Littleton, LLC	2610 W Belleview Ave	#300	Littleton	CO	80123	Dan Demolli	720-642-7507	
DM Breathe, LLC	12482 Ken Caryl Ave	A5	Littleton	CO	80127	Dan Demolli	720-642-7497	
Health Connections of Lone Tree, Inc.	10008 Commons St	150	Lone Tree	CO	80124	Mark & Kristin Adams	720-383-7850	
Creekside, LLC	765 E South Boulder Rd	100	Louisville	CO	80027	Janine & Todd Londa	720-642-7517	
COTA LLC	3127 N Garfield Ave		Loveland	CO	80538	Joshua Goldstein	970-775-2863	*
Live Well Holdings, LLC	18551 E Main St	1B	Parker	CO	80134	Carly Opheim	720-642-7527	
High Plains Assets LLC	14694 Orchard Pkwy	900	Westminster	CO	80023	Freedom Carlson	720-642-7546	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
P&S Elements	290 West Main Street, Route 44		Avon	CT	06001	Shari Lucas	860-259-4071	
MEB Enterprises, Inc.	2 Chestnut Street		Branford	CT	06405	Mary Ellen Beaudreault	203-293-0617	
Fairfield Therapeutic Massage, LLC	2173 Black Rock Tpke		Fairfield	CT	06825	Howard Zegelstein	203-292-1683	
MEB Enterprises, Inc.	496 S Broad St		Meriden	CT	06450	Mary Ellen Beaudreault	203-350-0648	
Flaggship Franchise Incorporated	86 Danbury Rd		Ridgefield	CT	06877	Junius Brown	203-392-1866	
Timeus Holdings LLC	5030 Champion Blvd	D7	Boca Raton	FL	33496	Javier Rodriguez	561-287-9678	
Backstretch-South Florida, LLC	1229 N University Dr.		Coral Springs	FL	33071	Louise Casper	954-289-1708	
Allenic Enterprises, LLC	4961-B W Atlantic Ave		Delray Beach	FL	33445	Alessandra Bergman-Nicolini	561-493-3550	
Key Westie Studio, LLC	7954 North Wickman Rd	110	Melbourne	FL	32940	Karen Bolton	321-529-1425	
SamMax Wellness LLC	4650 Donald Rodd Rd	118	Palm Beach Gardens	FL	33418	Allan Chabon	561-421-3482	
Ivanworks Wellness LLC	9523 S Dixie Hwy		Pinecrest	FL	33156	Hector Morales	789-472-2863	
Allenic Enterprises, LLC	1905 NW Federal Hwy		Stuart	FL	34994	Alessandra Bergman-Nicolini	772-202-9616	
Prospering in Wellness LLC	935 Ronald Reagan Dr	Ste 103	Evans	GA	30809	Elizabeth Ogonga	704-997-5172	
Total Vitality, Inc.	625 W. Crossville Rd	102	Roswell	GA	30075	Joe Rosen	678-304-0796	
Summit City Healing LLC	2894-A Dupont Road		Fort Wayne	IA	46825	Gary Gatton	260-209-0512	
Refresh Yourself, LLC	3065 S Bown Way		Boise	ID	83706	Carly Opheim	208-297-7341	
Restorative Touch Inc.	3516 N Government Way		Coeur D'Alene	ID	83815	Mike Davis	208-357-4248	
Bene Boise Inc.	228 E Plaza Drive	Ste J	Eagle	ID	83616	Patricia Seniw	208-366-1080	
CO2 Wellness, LLC	1505 S Eagle Rd	100	Meridian	ID	83642	Carly Opheim	208-252-5779	
Palm Ventures, LLC	2519 Waukegan Rd		Bannockburn	IL	60015	Suzanne Rossi	847-416-0843	
Elements Bloomingdale LLC	142 S Gary Ave	104	Bloomingdale	IL	60108	Dave Ablin	630-244-8414	
Greg Clark	1160 S Michigan Ave		Chicago	IL	60605	Greg Clark	312-429-7215	
7239 Madison LLC	7239 Madison St		Forest Park	IL	60130	Mala Gandhi	708-231-1427	
Advance Wellness, Inc.	507 S 3rd St	C	Geneva	IL	60134	Beth Bellot	630-296-5368	
PD Enterprises, LLC	2789 Pfingsten Rd		Glenview	IL	60026	Kelly Gervin	224-276-7836	
AG Wellness Group, LLC	395 W NW Hwy		Palatine	IL	60067	Dave Ablin	847-963-1600	
Tri Elements, Inc.	33 S NW Hwy		Park Ridge	IL	60068	Ralph Epifanio	847-430-1965	
Anris, LLC	100 W Higgins Rd	L-4	South Barrington	IL	60010	Anita Sheth	847-410-8138	
CSMEF Enterprises, LLC	701 N. Milwaukee Ave	180	Vernon Hills	IL	60061	Chandrika Farrell	224-218-0844	
South Loop Roosevelt, LLC	4700 Gilbert Ave	45	Western Springs	IL	60558	Greg Clark	708-231-1450	
Serisani, LLC	1001 W 75th St	131	Woodridge	IL	60517	Anita Sheth	630-296-5389	
JBMThree Indy North, Inc.	3965 E 82nd St		Indianapolis	IN	46240	James McArthur	317-284-9801	
Smith Rundle Florence, LLC	6805 Houston Rd	400	Florence	KY	41042	Michael Rundle	859-448-5708	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
JBMTHREE, INC.	1301 Herr Lane		Louisville	KY	40222	James McArthur	502-242-8569	
JBMThree EMMT, Inc.	13303 Shelbyville Rd	102	Louisville	KY	40223	James McArthur	502-242-8958	
Harmony & Wellness Group LLC	138 Great Rd		Acton	MA	01720	Pierre Richard	978-206-1164	
Periodic Tables of Andover, Inc	209 N Main St, Route 28		Andover	MA	01810	Ron Levin	978-206-1187	
Revitalize, LLC	693 Belmont St		Belmont	MA	02478	Janice Soto Santiago	617-221-4107	
Sunrise Wellness Group LLC	45 Enon St		Beverly	MA	01915	John Laspisa	978-219-2862	
BW Wellness, LLC	233 Broad St		Bridgewater	MA	02324	Matthew Lanuto	508-281-4520	
Legacy Wellness Burlington, LLC	101 Cambridge St	260	Burlington	MA	01803	Michael Plump	781-270-4433	
CA Wellness, LLC	95 Washington St	Suite 614	Canton	MA	02021	Matthew Lanuto	781-241-4637	
Periodic Tables, Inc.	80 Center Sq		East Longmeadow	MA	01028	Ron Levin	413-345-2207	
Marmich LLC	379 Russell St, Route 9		Hadley	MA	01035	Mark Cornelius	413-304-2248	
MA Wellness, LLC	1810 Washington St, Route 53		Hanover	MA	02339	Matthew Lanuto	781-214-0983	
HM Wellness, LLC	1 Shipyard Dr		Hingham	MA	02043	Matthew Lanuto	781-740-3160	
AJD Ventures II LLC	333 School St		Mansfield	MA	02048	Andrew Dudka	508-306-4741	
Tissandier Corp.	40 High St, Route 60		Medford	MA	02155	Surya Wiryo	781-318-8242	
Topaz Wellness Group LLC	92 S Main St, Route 114		Middleton	MA	01949	John Laspisa	978-208-4909	
Under Oak Therapeutic Massage of Needham, LLC	855 Highland Ave		Needham Height	MA	02494	Matthew Simpson	781-328-0043	
Infinity Wellness Group, LLC	45 Storey Ave		Newburyport	MA	01950	Matt Perry	978-219-2232	
PL Wellness, LLC	10 Home Depot Dr		Plymouth	MA	02360	Matthew Lanuto	508-319-1133	
Namaste Wellness LLC	190 Broadway St		Saugus	MA	01906	Scott Speicher	781-277-0681	
AJD Ventures Inc.	100 Boston Turnpike, Route 9		Shrewsbury	MA	01545	Andrew Dudka	508-365-1116	
H2O Stoneham, LLC	200-A Main St, Route 28		Stoneham	MA	02180	Ann Hargraves	781-328-1385	
JK Enterprises LLC	435 Paradise Rd		Swampscott	MA	01907	Janice Soto Santiago	781-348-6859	
Meldrum Wellness Tewksbury LLC	1555 Main St	101	Tewksbury	MA	01876	Harlan Carere	978-222-3778	
Revitalize and Rejuvenate LLC	400 Boston Post Rd, Route 20		Wayland	MA	01778	Janice Santiago	508-422-7869	
Revitalize, LLC	1290 Washington St		West Newton	MA	02465	Janice Soto Santiago	617-245-2434	
Namaskar Wellness LLC	350 Cambridge Rd.		Woburn	MA	01801	Scott Speicher	781-214-0111	
MGC Ventures, LLC	6708 Wisconsin Ave	206	Bethesda	MD	20815	Rick Coe	240-292-6154	*
Elements of Maryland, LLC	1702 Transportation Dr		Crofton	MD	21114	Cheryl Stewart	410-505-8669	
Elements of Maryland, Inc.	3059 Solomons Island Rd	D	Edgewater	MD	21037	Cheryl Stewart	410-514-6919	
Elerald Wellness LLC	2442 Broad Ave		Timonium	MD	21093	Renee Xie	410-670-7394	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
Massage Therapy of Michigan LLC	755 E Maple Rd		Birmingham	MI	48009	John Weber	248-237-6936	
Kharas, Inc.	6846 Rochester Rd		Troy	MI	48085	Kashmira Kharas	248-572-3412	
Body Energy L.L.C.	10165 Hennepin Town Rd	103	Eden Prairie	MN	55347	Sarah Watua	952-315-8608	
LiveActive L.L.C.	6001 Shady Oak Rd		Minnetonka	MN	55343	Julia Thompson	612-999-1690	
Ketch4, Inc.	2100 Snelling Ave N	66B	Roseville	MN	55113	Tom Ketchmark	651-447-7080	
Marsalu, Inc.	5640 W 36th St	E	St. Louis Park	MN	55416	Simon Foster	952-293-7985	
Wellness 360, LLC	8150 Coller Way	100	Woodbury	MN	55125	Julia Thompson	651-460-935166B	
TRC Holdings, LLC	133 Hilltown Village Ctr		Chesterfield	MO	63017	Jeffrey Cox	314-266-3748	
Quercus Enterprises, LLC	5041 Arco St		Cary	NC	27519	Dawn Gartman	919-230-4821	
Wynne's Ventures, LLC	4722 Sharon Rd		Charlotte	NC	28210	Aaron Forinash	704-310-5787	
Cerulean Wellness LLC	19930 West Catawba Ave		Cornelius	NC	28031	Laurence Presti	704-997-5172	
Upper Wellness Inc.	2231 Treelight Way	Suite 101	Wendell Falls	NC	27591	Amy & John Upperman	919-760-7710	
Infinity Wellness 208 LLC	7 Colby Ct	220B	Bedford	NH	03110	Matt Perry	603-641-2010	
Granite State Therapy Group LLC	273 Loudon Rd	2	Concord	NH	03301	Jacqueline Martinez	888-974-9261	
Infinity Wellness 360 LLC	2 Cellu Dr		Nashua	NH	03063	Matt Perry	888-725-1937	
Infinity 521, LLC	775 Lafayette Rd		Portsmouth	NH	03801	Matt Perry	888-991-5964	
Infinity Wellness 09 LLC	315C S Broadway		Salem	NH	03079	Matt Perry	888-974-0890	
Northeastern Wellness Solutions, Inc.	475 High St	1-A	Somersworth	NH	03878	Jodi Clary	888-658-1292	
Earth In Your Soul, LLC	170 U.S. 206 S		Chester	NJ	07930	Douglas Nelson,	908-206-7509	
Sole to the Ground, LLC	1767 Rte 10 East		Morris Plains	NJ	07950	Emily Slager	973-317-8198	
Alydarwon LLC	1260 Springfield Ave		New Providence	NJ	07974	Elizabeth Godsil	908-223-5240	
Alydarwon LLC	244 Franklin Ave		Nutley	NJ	07110	Elizabeth Godsil	973-321-7401	
JGN Massage LLC	650 Union Blvd		Totowa	NJ	07512	Neil Nosenchuk	973-352-7273	
JudKo Corporation	8000 Paseo Del Norte NE		Albuquerque	NM	87122	Stephanie Juddo	505-225-3571	
MBTST Body LLC	2970 Saint Rose Parkway	130	Henderson	NV	89052	Sue Nelson	702-389-5475	
Legacy Wellness, LLC	7060 S Durango Dr	113	Las Vegas	NV	89113	Christine Sauter	702-389-6671	
Legacy Wellness, LLC	7901 W. Tropical Pkwy	Suite 110	Las Vegas	NV	89149	Christine Sauter	702-637-4898	
MBTST Corporation	1215 S Fort Apache Rd	150	Las Vegas	NV	89117	Sue Nelson	702-410-7317	
Sefas Corp	1135 Vitality Dr	Suite 100	Union Village	NV	89011	Raymond Laube	725-269-5557	
4 & 7 Inc.	2437 Merrick Road		Bellmore	NY	11710	Melissa Catalano	516-240-9674	
Ruffigan Enterprises Inc.	5 Southside Dr		Clifton Park	NY	12065	Robert Hanks	518-249-5258	
Sadie Mae, Inc.	5989 Transit Rd		East Amherst	NY	14051	Sarah Elia	716-226-0625	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
Natural Products Inc.	824 Fort Salonga Rd		Northport	NY	11768	Robert Corinaldesi	631-237-8395	
Melissa Miller Enterprises Inc.	316 A Sunrise Hwy		Rockville Centre	NY	11570	Melissa Catalano	516-240-9674	
E & C Wellness, LLC	1 N Broadway		White Plains	NY	10601	Edward Lachterman	914-214-9323	
NEO Wellness, LLC	35638 Detroit Rd		Avon	OH	44011	Timothy Davis	440-295-5755	
Helping Hands Massage Therapy, LLC	3195 Dayton Xenia Rd	670	Beavercreek	OH	45434	Lisa Zucco	937-387-8503	
A Couple of Days, Inc.	7753 Beechmont Ave	100	Cincinnati	OH	45255	Kelley Day	513-245-4419	
Helping Hands Massage Therapy, LLC	4171 Weaverton Ln		Columbus	OH	43219	Lisa Zucco	614-347-3195	
Because We E. Concord, LLC	7657 Crile Rd		Concord	OH	44077	Katie Warechowski	216-359-3535	
Helping Hands Massage Therapy, LLC	1040 Miamisburg Centerville Rd		Dayton	OH	45459	Lisa Zucco	937-401-2849	
Helping Hands Massage Therapy, LLC	6788 Perimeter Loop Rd		Dublin	OH	43017	Lisa Zucco	614-335-4325	
Helping Hands Massage Therapy LLC	3804 Fishinger Blvd		Hilliard	OH	43026	Lisa Zucco	614-695-6619	
PMBD Garrett Inc.	7594 Cox Ln		West Chester	OH	45069	Pam Garrett	513-273-7068	
Hazzard Enterprises, L.L.C.	1321 N Bryant Ave		Edmond	OK	73034	Michele Hazzard	405-253-6853	
Hazzard Enterprises, LLC	2133 W 15th St		Edmond	OK	73013	Michele Hazzard	405-256-4039	
Elements Plus, LLC	5519 NW Expy		Warr Acres	OK	73132	Tobi Brock	405-470-7300	
Seattle MFR, LLC	2167 NW 185th Ave		Hillsboro	OR	97124	Glenda Poletti	503-389-6690	
Seattle MFR, LLC	2343 SE Tualatin Valley Hwy		Hillsboro	OR	97123	Glenda Poletti	503-506-0884	
Cannon Sparks Massage LLC	3 Monroe Pkwy	Suite U	Lake Oswego	OR	97035	Linda Sparks	503-388-4880	
Kardas, Inc.	1229 NW Marshall St		Portland	OR	97209	Andrew Kardas	503-405-8007	
Serviam Wellness, Inc.	21370 SW Langer Farms Pkwy	138	Sherwood	OR	97140	Steve Sparks	503-406-1967	
Cannon Sparks Massage LLC	22000 Willamette Dr	107	West Linn	OR	97068	Steve Sparks	503-722-9422	
GeoPants Group Inc.	3060 W Tilghman St		Allentown	PA	18104	Todd George	484-534-5657	
D5 Enterprises Inc.	88 S 32nd St		Camp Hill	PA	17011	Larry Oakes	717-378-3066	
D5 Enterprises Inc.	5072 Jonestown Rd	3	Harrisburg	PA	17112	Larry Oakes	717-417-4248	
My Wealth, Inc.	301 Horsham Rd		Horsham	PA	19044	Kevin Robins	267-296-1379	
Renovare LLC	6416 Carlisle Pike	3200	Mechanicsburg	PA	17050	Hannah Cantore	717-430-0857	
Green Pathways, Inc.	1025 Woodruff Rd	A103	Greenville	SC	29607	Lynn Cuddihee	864-302-8198	
Sightline Holdings, Inc.	1153 Oakland Market Rd		Mount Pleasant	SC	29466	Bill Lindquist	843-410-4336	
Carnes Crossroads Massage Therapy, LLC & Tammy Baker	2507 N Main St.	E	Summerville	SC	29486	Philip Zannella & Tammy Baker	843-701-1127	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
Charleston Massage Therapy, LLC & Tammy Baker	1836-R Ashley Rd		West Ashley	SC	29407	Philip Zannella	843-724-9727	
VCC Wellness, LLC	782 Old Hickory Blvd	Suite 113	Brentwood	TN	37027	Vincent Chavez	615-348-4201	
VCC Wellness, LLC	539 Cool Springs Blvd	Suite 140	Franklin	TN	37067	Vincent Chavez	615-348-4337	
Knoxville Massage, LLC	7649 Kingston Pike		Knoxville	TN	37919	Nicole Cook	865-409-2013	
ONU Massage, LLC	533 N Thompson Ln		Murfreesboro	TN	37129	David Fedak	615-349-8143	
The Kramer Group, LLC	2148 Bandywood Dr	Suite #111	Nashville	TN	37215	Thomas Drew	615-908-0797	
DVD BIS, LLC	945 W Stacy Rd	170	Allen	TX	75013	Dean Van Decker	972-395-5773	
DME Interests, Inc.	3001 Wildflower Dr	611	Bryan	TX	77802	David Ebner	979-217-3617	
DME Interests, Inc.	3975 State Hwy 6 S	700	College Station	TX	77845	David Ebner	979-258-6437	
Quantum Merit Ventures, Inc.	4843 Colleyville Blvd	231	Colleyville	TX	76034	David Fesperman	817-381-4283	
Hedrick Wellness Group II, Inc.	6333 E Mockingbird Ln	231	Dallas	TX	75214	Stephen M. Hedrick	972-445-7506	
Quantum Merit Ventures, Inc.	2550 Cross Timbers Rd	128	Flower Mound	TX	75028	David Fesperman	972-437-8070	
Hanada Wellness LLC	3246 Preston Rd	Suite 300	Frisco	TX	75034	Han Phuah	469-912-0324	
Imagine Wellness, LLC	4350 West Main St	Suite 125	Frisco	TX	75033	Calvin Morgan	469-425-3281	
Avefenix Wellness, L.L.C.	2643 Commercial Center Blvd	B340	Katy	TX	77494	Marcelas Liva Rocha	281-299-3579	
Alpha Regulus, LLC	110 South US 287	Suite 106	Mansfield	TX	76063	Davinder Singh	817-576-1613	
EMCTX, Inc.	201 E Central Texas Expressway	Suite #670	Market Heights	TX	76548	Brandon & Karen Howard	254-432-4463	
O & O Wellness Plus, L.L.C.	4003 N 10th St		McAllen	TX	78504	Soon Teik Ooi	956-271-8195	
Healing Touch, LLC	5706 Hwy 6 S		Missouri City	TX	77459	Marcella Livas	281-299-3603	
Mandalinci Group LLC	15260 Hwy 105 W	125	Montgomery	TX	77356	Matt Mandalinci	936-588-0023	
L & L Wellness Group, LLC	10223 Broadway St	C	Pearland	TX	77584	Lety Jimenez-Ler	281-299-3719	
Hedrick Wellness Group, LLC	1921 Preston Rd	Suite 2012	Plano	TX	75093	Stephen Hedrick	971-345-4986	
Hedrick Wellness Group, LLC	150 N Plano Rd	Suite 210	Richardson	TX	75081	Stephen M. Hedrick	972-638-8213	
Creekside Circle Group, Inc.	9711 S Mason Rd	115	Richmond	TX	77407	Tim Moriarty	832-271-7109	
Quantum Merit Ventures, Inc.	603 Louis Henna Blvd	B185	Round Rock	TX	78664	David Fesperman	512-253-8061	
Healing Touch, LLC	10003 NW Military Hwy	1102	San Antonio	TX	78231	Marcella Livas	210-305-4563	
Lifetime Paradise LLC	17038 Fiesta Texas Drive	#108	San Antonio	TX	78256	Nadia Khatib	210-878-4100	
Quantum Merit Ventures, Inc.	2750 E Southlake Blvd	150	Southlake	TX	76092	David Fesperman	817-405-0676	
Boothbay Group, Inc.	13425 University Blvd	300	Sugar Land	TX	77479	Tim Moriarty	832-379-5955	
Mandalinci Group LLC	10700 Kuykendahl Rd	Unit 1	The Woodlands	TX	77381	Matt Mandalinci	832-404-6754	
Deer Mountain Massage, LLC	6910 S Highland Dr		Cottonwood Heights	UT	84121	Justin Falzone	801-206-9327	
Park City Massage LLC	1635 Redstone Center Dr	#115	Park City	UT	84098	Justin Falzone	435-213-0045	

Franchisee	Shop Address	Suite No.	City	State	Zip	Primary Contact	Studio Phone	ADA[1]
Wellness Now, Inc.	90 W 11400 South		Sandy	UT	84070	Hugh Washburn	385-501-1734	
Wellness Now, Inc.	1684 W Town Center Dr	F-1A	South Jordan	UT	84095	Hugh Washburn	801-438-3148	
Stratus Wellness LLC	1101 S. Joyce Street	B10	Arlington	VA	22202	George Armendariz	703-687-6855	*
A1 LLC	44110 Ashburn Shopping Plz	#136	Ashburn	VA	20147	John Alexander	571-281-2050	
RVA ETM Incorporated	11709 W Broad St		Richmond	VA	23233	John Alexander	804-404-7061	
Happy Beginnings Massage, LLC	122 Maple Ave W		Vienna	VA	22180	John Alexander	703-520-5659	
Seattle MFR, LLC	10575 NE 12th St	17	Bellevue	WA	98004	Glenda Poletti	425-296-3385	
Island Time Wellness, Inc.	318 36th Street		Bellingham	WA	98225	Steven Ickman & Donna Ickman	360-882-8244	
Seattle MFR LLC	680 NW Gilman Blvd	A	Issaquah	WA	98027	Glenda Poletti	425-296-9117	
Sparks Massage LLC	12934 Kent Kangley Rd		Kent	WA	98030	Steve Sparks	253-220-6220	
Restorative Touch Inc.	2902 164th St SW	D1	Lynnwood	WA	98087	Mike Davis	425-292-5336	
Restorative Touch Inc.	24061 SE 264th St	M200	Maple Valley	WA	98038	Mike Davis	425-320-3124	
Restorative Touch Inc.	83 Keene Rd		Richland	WA	99352	Mike Davis	509-628-9643	
Restorative Touch Inc.	1200 NE 65th St		Seattle	WA	98115	Mike Davis	206-508-0629	
Seattle MFR LLC	10021 Holman Road NW		Seattle	WA	98177	Glenda Poletti	206-489-4179	
Cannon Sparks Massage, LLC	3209 E 57th Ave	H	Spokane	WA	99223	Steve Sparks	509-381-7440	
Sparks Massage LLC	101 E Hastings Rd		Spokane	WA	99218	Steve Sparks	509-473-0480	
Restorative Touch Inc.	15412 East Sprague Avenue	8	Spokane Valley	WA	99037	Mike Davis	509-426-7433	
Audacious Wellness Northwest LLC	1319 NE 134th St	103	Vancouver	WA	98685	Glenda Poletti	360-339-6442	
Weddle Boys, LLC	12920 W Bluemound Rd		Elm Grove	WI	53122	Craig Weddle	262-201-0214	
Elements Fitchburg LLC	6317 McKee Rd	300	Fitchburg	WI	53719	Sherry Mix	608-3525-4343	
Ratilal Mirani Holdings Corp.	11215 N Cedarburg Rd		Mequon	WI	53092	Amita Mirani	414-312-6955	
Elements Middleton LLC	1950 Cayuga St		Middleton	WI	53562	Sherry Mix	608-423-6978	
Weddle Investments, Inc.	2804 Prairie Lakes Dr	102	Sun Prairie	WI	53590	Craig Weddle	608-403-4646	
Weddle Boys, LLC	3005 S 108th St		West Allis	WI	53227	Craig Weddle	414-369-3943	
ETM Milwaukee, LLC	312 E Silver Spring Dr		Whitefish Bay	WI	53217	Aimee Matchette	414-215-0922	

1. Indicates the Franchisee (or an affiliate) is a party to an Area Development Agreement.

EXHIBIT D2

FRANCHISEES WHO LEFT SYSTEM DURING LAST FISCAL YEAR

Former Studio City	Former Studio State	Former Franchisee	Primary Contact	Phone	Reason for Change
Anthem	AZ	Phil Messina and Matthew Messina	Phil Messina and Matthew Messina	612-387-0642	Termination
Central Scottsdale	AZ	Wright Touch, L.L.C.	Michael Wright	480-789-9863	Transferred
Mesa Gateway	AZ	CarMel Halcyon Corp.	Melanie Thierjung-Laing	480-252-2971	Transferred
Brea	CA	Soliz-Fortis, Inc.	Celeste Soliz	951-656-5901	Termination
Los Gatos	CA	Big Girl Pants, Inc.	Melissa Seger	669-208-2093	Termination
Rancho Cucamonga	CA	CS Arya LLC	Chetan Channaveeraiah	909-297-6978	Transferred
Denver	CO	Elements I25 & Hampden, LLC	Daniel Demolli	303-717-2899	Termination
West Hartford	CT	Paul and Shari Lucas	Paul Lucas	860-462-7196	Termination
University Park	FL	Wellness Massage Studios-University Shoppes, Inc.	Cheryl Badiali	941-662-7304	Non-Renewal
Forest Park	IL	Big Girls Wellness I, LLC	Jean Erhardt	708-254-3278	Transferred
Geneva	IL	MGB Wellness III, LLC	Gary Burge	630-947-5242	Transferred
South Barrington	IL	MNM Healing Hands, Inc.	Maria Mercola	630-835-4459	Transferred
Wheaton	IL	AG Wellness Group, LLC	David Ablin	847-208-4500	Termination
Indianapolis North	IN	JJ & AH Holdings, LLC	Jordan Hesterhagen	317-513-6636	Transferred
Middletown	KY	Simon the Cat Inc.	Andrew Pryor	502-291-7895	Transferred
Burlington	MA	Tranquilo Wellness, Inc.	Ron Levin	617-510-7410	Transferred
Wayland	MA	Meldrum Wellness Wayland LLC	Harlan Carere	617-480-7103	Transferred
Edina	MN	Prehab, Inc.	Julia Thompson	612-991-3944	Termination
Minnetonka	MN	Marsalu, Inc.	Simon Foster	612-328-1403	Termination
Plymouth	MN	Marsalu, Inc.	Simon Foster	612-328-1403	Termination
North Hills – Raleigh	NC	Raleigh Massage LLC	Margaret Edwards	919-344-9199	Termination
Cherry Hill	NJ	Rogo Brothers Inc.	Kevin Knapp	856-904-8939	Termination
Smithtown	NY	DeMar 13, LLC	Ryan DeMarco	516-318-2278	Closure

Former Studio City	Former Studio State	Former Franchisee	Primary Contact	Phone	Reason for Change
Columbus – Polaris	OH	Helping Hands Massage Therapy, LLC	Lisa Zucco	513-494-1931	Termination
South Columbus	OH	Helping Hands Massage Therapy, LLC	Lisa Zucco	513-494-1931	Termination
Lake Oswego	OR	RF Heikens Enterprises, Inc.	Roger Heikens	503-680-4108	Transferred
State College	PA	Lauren & Joel Catalano	Lauren Catalano	814-639-0344	Termination
Frisco-Stonebriar	TX	Hanada Wellness LLC	Han Phuah	469-855-9148	Transferred
Preston Hollow	TX	Hedrick Wellness Group LLC	Stephen Hedrick	214-675-8036	Termination
San Antonio	TX	Ali Madlani	Ali Madlani	210-333-0314	Termination
Salmon Creek	WA	CKE Longevity, LLC	Regina Odoms	360-771-4721	Transferred

EXHIBIT D3

LIST OF FRANCHISES SOLD BUT NOT YET OPENED AS OF DECEMBER 31, 2023

Studio Territory	Studio State	Franchisee	Primary Contact	Phone	ADA[1]
Lake Pleasant	AZ	Lake Pleasant Wellness, LLC	Vineet Singla	408-226-0105	
Surprise	AZ	Orange Sky Health & Wellness LLC	Priti Sadler	415-656-7308	*
Bradenton	FL	Flofam, LLC	Jason Brown	210-527-7587	*
Naples	FL	R & L of Naples, LLC	Ralph Epifanio	847-692-2411	
University Park	FL	Flofam2, LLC	Jason Brown	210-527-7587	*
Orland Park	IL	TZ LLC	Tracy Zimmer	708-473-2836	
Schererville	IN	HSA Wellness Group, LLC	Alma Moore	847-757-4852	
Cary	NC	Pereira Services Corporation	Anthony Pereira	703-624-3393	*
Amarillo	TX	Rambam Enterprises, Inc.	Susan Ellington	806-680-8997	*
Kyle	TX	Jacqueline Wooldridge and Christian Wooldridge	Jacqueline Wooldridge and Christian Wooldridge	956-569-7916	
McKinney	TX	DCT Brands LLC	Shalena Brown-Best	520-834-4900	*

1. Indicates the Franchisee (or an affiliate) is a party to an Area Development

EXHIBIT E

FINANCIAL STATEMENTS OF

WBZ INVESTMENT LLC

Consolidated Financial Statements and Report of Independent Certified Public Accountants

WBZ Investment LLC and Subsidiaries

As of December 31, 2023 and 2022 and for the three years ended December 31, 2023

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Consolidated statements of operations and comprehensive loss	6
Consolidated statements of changes in members' equity	7
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Notes to consolidated financial statements	9

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
WBZ Investment LLC and subsidiaries

Opinion

We have audited the consolidated financial statements of WBZ Investment LLC (a Delaware limited liability corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023, and 2022, and the related consolidated statements of operations and comprehensive loss, changes in members' equity, and cash flows for the three years ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the three years ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the date the financial statements are available to be issued.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Grant Thornton LLP

Denver, Colorado
March 29, 2024

WBZ Investment LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31,

	2023	2022
ASSETS		
Current assets		
Cash	$ 9,578,505	$ 13,023,796
Accounts receivable - net	3,564,450	3,276,394
Inventory - net	3,475,617	4,236,325
Deferred franchise costs	328,507	333,275
Due from affiliate	523,138	577,964
Prepaid and other	1,693,312	2,814,400
Total current assets	19,163,529	24,262,154
Property and equipment - net	6,122,709	4,576,971
Goodwill - net	39,216,428	44,817,655
Intangible assets - net	19,998,898	27,421,917
Operating lease assets - net	1,347,344	1,836,050
Other noncurrent assets		
Deferred tax asset	869,593	624,457
Deferred franchise costs, less current portion	1,741,726	1,967,388
Total other noncurrent assets	2,611,319	2,591,845
Total assets	$ 88,460,227	$ 105,506,592
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,387,868	$ 898,553
Accrued expenses	5,810,792	6,691,989
Accrued marketing expenses	805,671	920,901
Deferred revenues - company-owned studios	353,010	528,715
Deferred revenues - franchise-related	1,167,636	1,127,622
Current portion of long-term debt	66,286,904	1,992,660
Current portion of operating lease liabilities	553,132	569,889
Income tax payable	267,651	273,718
Total current liabilities	76,632,664	13,004,047
Long-term debt - net	-	65,223,402
Long-term portion of operating lease liabilities	938,853	1,378,646
Other noncurrent liabilities		
Deferred revenues - franchise-related, less current portion	6,596,586	7,074,203
Accrued lease exit liability, less current portion	304,641	394,411
Total other noncurrent liabilities	6,901,227	7,468,614
Total liabilities	84,472,744	87,074,709
Commitments and contingencies (Note 10)		
Members' equity		
Members' equity	3,997,111	18,449,923
Accumulated other comprehensive loss	(9,628)	(18,040)
Total members' equity	3,987,483	18,431,883
Total liabilities and members' equity	$ 88,460,227	$ 105,506,592

The accompanying notes are an integral part of these consolidated financial statements.

WBZ Investment LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Years ended December 31,

	2023	2022	2021
Revenues			
Royalties	$ 25,168,968	$ 26,123,659	$ 24,500,613
Franchise fees	3,007,725	1,682,391	1,193,320
Marketing fund revenues	12,024,410	11,373,215	10,957,193
Technology and other revenues	5,976,773	5,693,471	4,898,510
Product sales	10,797,237	12,245,912	13,270,461
Total revenues	56,975,113	57,118,648	54,820,097
Expenses			
Franchise-related costs	4,169,628	2,858,523	2,715,319
Cost of product sales	5,322,452	6,567,193	6,157,910
Payroll	16,880,193	17,544,173	16,320,239
Advertising and promotion	1,709,889	546,490	511,420
Marketing fund expenses	12,024,410	11,373,215	10,957,193
General and administrative	4,689,661	3,898,887	2,766,676
Rent and occupancy	920,512	797,580	961,931
Depreciation and amortization	14,418,108	14,592,234	15,169,133
Other charges	1,663,478	926,097	2,780,625
COVID-19 related benefit (expenses)	-	946,834	(162,564)
Total expenses	61,798,331	60,051,226	58,177,882
Operating loss	(4,823,218)	(2,932,578)	(3,357,785)
Non-operating expense			
Interest expense	8,371,257	6,245,787	6,233,895
Foreign currency transaction loss (gain)	1,261	16,524	(2,150)
Total non-operating expense	8,372,518	6,262,311	6,231,745
Loss - before income taxes	(13,195,736)	(9,194,889)	(9,589,530)
Income tax expense	641,620	712,505	709,163
CONSOLIDATED NET LOSS	(13,837,356)	(9,907,394)	(10,298,693)
Other comprehensive income (loss) - foreign currency	8,412	(5,383)	860
COMPREHENSIVE LOSS	$ (13,828,944)	$ (9,912,777)	$ (10,297,833)

The accompanying notes are an integral part of these consolidated financial statements.

WBZ Investment LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2023, 2022 and 2021

	Members' Equity	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2020	$ 39,156,010	$ (13,517)	$ 39,142,493
Net loss	(10,298,693)	-	(10,298,693)
Distribution	(500,000)	-	(500,000)
Other comprehensive income - translation adjustment	-	860	860
Balance - December 31, 2021	28,357,317	(12,657)	28,344,660
Net loss	(9,907,394)	-	(9,907,394)
Other comprehensive income - translation adjustment	-	(5,383)	(5,383)
Balance - December 31, 2022	18,449,923	(18,040)	18,431,883
Net loss	(13,837,356)	-	(13,837,356)
Distribution	(615,456)	-	(615,456)
Other comprehensive income - translation adjustment	-	8,412	8,412
Balance - December 31, 2023	$ 3,997,111	$ (9,628)	$ 3,987,483

The accompanying notes are an integral part of these consolidated financial statements.

WBZ Investment LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2023	2022	2021
Cash flows from operating activities:			
Consolidated net loss	$ (13,837,356)	$ (9,907,394)	$ (10,298,693)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	14,418,108	14,592,234	15,169,133
Amortization of debt issuance costs	336,319	336,319	336,319
Provision for credit loss	109,294	48,000	19,102
Provision for obsolete inventory	114,097	1,218,395	196,032
Provision for gift card and membership breakage	(468,970)	(209,552)	(415,614)
Lease exit costs - loss on disposal of assets	-	-	1,289,247
Lease exit costs - gain on deferred rent write-off	-	-	(1,279,715)
Loss on disposal of assets	-	341,577	-
Net change in operating lease asset and liability	32,156	(41,338)	-
Deferred rent	-	-	(78,051)
Deferred tax provision	(245,136)	(200,354)	302,605
Deferred Payment-in-Kind ("PIK") interest	677,183	695,426	1,146,771
Changes in assets and liabilities:			
Accounts receivable	(397,349)	522,770	(1,525,314)
Prepaid and other	1,121,088	617,836	(1,862,254)
Deferred franchise costs	230,430	26,591	191,401
Due from affiliate	54,826	(353,524)	(224,440)
Accounts payable	489,315	670,777	(250,510)
Accrued expenses and accrued lease exit liability	(755,068)	216,092	644,482
Deferred revenues	(360,237)	1,245,694	1,033,644
Income tax receivable	(6,067)	(94,242)	367,960
Inventory	646,611	(1,019,231)	(1,473,027)
Accrued marketing expenses	(115,230)	(481,230)	755,825
Net cash provided by operating activities	2,044,014	8,224,846	4,044,903
Cash flows from investing activities:			
Purchase of property and equipment	(2,937,944)	(1,980,473)	(2,053,925)
Purchase of area territories	-	(500,000)	(250,000)
Net cash used in investing activities	(2,937,944)	(2,480,473)	(2,303,925)
Cash flows from financing activities:			
Payments on long-term debt	(1,942,660)	(4,749,973)	-
Distributions	(615,456)	-	(500,000)
Net cash used in financing activities	(2,558,116)	(4,749,973)	(500,000)
Effect of foreign currency translation adjustment	6,755	(1,096)	610
NET INCREASE IN CASH	(3,445,291)	993,304	1,241,588
Cash - beginning of year	13,023,796	12,030,492	10,788,904
Cash - end of year	$ 9,578,505	$ 13,023,796	$ 12,030,492
Supplemental disclosures of cash flows:			
Cash paid for interest	$ 7,369,858	$ 5,214,042	$ 4,750,805
Cash paid for tax	859,155	1,007,101	34,003

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NATURE OF BUSINESS

WBZ Investment LLC (the "Parent") is the parent company of WBZ Holdings, Inc. ("Holdings"); WellBiz Brands, Inc. ("WellBiz"); Elements Therapeutic Massage, LLC ("Elements US") and its subsidiary, Elements Massage Franchise Canada Ltd. ("Elements Canada") (collectively known as "Elements"); Fitness Together Franchise, LLC ("Fitness Together"); Amazing Lash Franchise, LLC ("Amazing Lash US") and its subsidiary, Amazing Lash Franchise, Ltd. ("Amazing Lash Canada") (collectively known as "Amazing Lash"); Wellness and Vitality Exchange, LLC ("WAVE"); and FTHC Operating Company ("Gift Cards") (collectively known as the "Company").

Holdings was created to hold all of the interest in WellBiz, which provides management support to the other entities of the Company and charges a management fee for this service, which is eliminated in consolidation. Starting in 2021, WellBiz also provides management support to the Company's affiliated entities and charges management fees (Note 11).

Elements

Elements is in the business of franchising and operating membership-based massage studios in the United States and Canada. An Elements massage studio typically consists of six to eight massage rooms and a reception area in a retail space, providing massage clients with an atmosphere of calm and relaxation.

Elements franchises the right to franchisees to open and operate massage studios. Franchisees pay Elements an initial franchise fee, royalties and marketing fund fees equal to a percentage of revenues received and other fees per the franchise agreement. The studio franchise agreement is typically for a term of 10 years and is renewable after the initial term for an additional fee.

As of December 31, 2023 and 2022, Elements had studios operating in 33 states and one province in Canada.

The following table summarizes the number of Elements studios in operation, and the number of studios sold but not yet operational as of December 31, 2023 and 2022:

	2023	2022
Studios in operation at beginning of year	247	249
Studios opened during the year	9	8
Studios closed during the year	(10)	(10)
Studios in operation at end of year	246	247
Studios sold but not yet operational	33	32

As of December 31, 2023 and 2022, the Company owned one Elements Massage studio that is utilized primarily for research and development, and training.

Fitness Together

Fitness Together is in the business of franchising fitness studios featuring one-on-one and small-group personalized training in the United States. A Fitness Together studio typically consists of two to three rooms in a retail space.

Fitness Together franchises the right to franchisees to open and operate fitness studios. Franchisees pay an initial franchise fee, royalties and marketing fund fees equal to a percentage of revenues received and other fees per the franchise agreement. The studio franchise agreement is typically for a term of 10 years and is renewable after the initial term for an additional fee.

As of December 31, 2023 and 2022, Fitness Together had studios operating in 24 and 27 states, respectively.

The following table summarizes the number of Fitness Together studios in operation and the number of franchise studios sold but not operational as of December 31, 2023 and 2022:

	2023	2022
Studios in operation at beginning of year	106	115
Studios opened during the year	-	1
Studios closed during the year	(10)	(10)
Studios in operation at end of year	96	106
Studios sold but not yet operational	3	7

Amazing Lash

Amazing Lash is in the business of franchising membership-based retail studios specializing in luxury temporary eyelash extensions and related products and services. An Amazing Lash studio typically consists of eight to ten rooms and a reception area in a retail space.

Amazing Lash franchises the right to franchisees to open and operate eyelash extension studios. Franchisees pay an initial franchise fee, royalties and marketing fund fees equal to a percentage of the revenues received and other fees per the franchise agreement. The studio franchise agreement is typically for a term of 10 years and is renewable after the initial term for an additional fee.

As of December 31, 2023 and 2022, Amazing Lash had studios operating in 29 and 30 states, respectively.

The following table summarizes the number of Amazing Lash studios in operation and the number of franchise studios sold but not yet operational as of December 31, 2023 and 2022:

	2023	2022
Studios in operation at beginning of period	276	266
Studios opened during the period	16	18
Studios closed during the period	(29)	(8)
Studios in operation at end of period	263	276
Studios sold but not yet operational	98	118

WAVE

WAVE primarily provides products and supplies used for temporary eyelash extensions to Amazing Lash studios, massage-related products and supplies to Elements studios, and personal protective equipment and supplies to Amazing Lash, Elements, and Fitness Together studios. In addition, WAVE assists with ordering the furniture used at Amazing Lash and Elements studios.

Gift Cards

Gift Cards holds all the assets and liabilities associated with the Elements national gift card program.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Parent and its subsidiaries, Holdings, WellBiz, Elements, Fitness Together, Amazing Lash, WAVE, and Gift Cards. All intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition - Franchise-Related

The Company's franchise-related revenues consist of royalties, franchise fees, marketing fund revenues, and technology fees. The Company franchises the right to franchisees to open studios. The initial term of the franchise agreements is typically 10 to 11 years, depending on the brand, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically charged.

The Company has obligations to provide franchisees with the franchise rights to open and operate studios, as well as to provide software and technology services, brand marketing and advertising support, local marketing and advertising support, and grand opening services, for which fees are charged. The Company has concluded that providing local marketing and advertising support and grand opening services are each distinct performance obligations and that the remainder of performance obligations represent a single performance obligation. Initial franchise fees for each franchise agreement are recognized over the term of the respective franchise agreement from the date the agreement is executed. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income from royalties and brand marketing fees is recognized over the term of the respective franchise agreement as the underlying sales occur. Fees for local marketing and advertising support, grand opening services and software and technology services are recognized when the Company performs the services for which the fees were collected.

When a franchise agreement is terminated voluntarily by the franchisee or due to the franchisee's default, the Company recognizes the remaining initial franchise fee as revenue earned, as no further performance obligation needs to be satisfied. The initial franchise fee is not refundable per the franchise agreement.

The following table summarizes the changes in the Company's deferred franchise-related revenues for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred franchise-related revenues at beginning of year	$ 8,201,155	$ 7,198,259
Upfront fees received from franchisees during the year	2,174,601	2,478,495
Revenue recognized from upfront fees during the year	(2,047,257)	(1,114,953)
Revenue recognized upon termination of franchise agreements	(564,277)	(359,976)
Deferred franchise-related revenues at end of year	7,764,222	8,201,825
Less: current portion	1,167,636	1,127,622
Deferred franchise-related revenues, long-term portion	$ 6,596,586	$ 7,074,203

During the years ended December 31, 2023, 2022 and 2021, the Company recorded $3,007,725, $1,682,391 and $1,193,319, respectively, revenues from the fees received from franchisees, including the amounts recognized from deferred upfront fees, in franchise fees of the accompanying consolidated statements of operations and comprehensive loss.

Payment Terms - Franchise-Related

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed and are nonrefundable. Royalties and brand marketing fees are paid monthly, primarily based upon a percentage of franchisee gross sales. Technology fees and managed marketing fund fees (only for Elements) are paid monthly, primarily based upon a fixed amount defined within the franchise agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities.

Amounts that are expected to be recognized as revenues within one year are classified as current deferred revenues in the consolidated balance sheets.

Allocating the Transaction Price - Franchise-Related

The transaction price is the amount of consideration the Company expects to be entitled to in exchange for providing franchisees with the franchise rights to open and operate studios and provide customers with related services and products. To determine transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that the agreements will not be canceled or modified.

The Company's franchise agreements have transaction prices containing fixed and variable components. Variable considerations include revenues related to royalties and brand marketing and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

The Company allocates consideration to providing local marketing and advertising support and grand opening services and software and technology service based on a cost-plus margin basis. The remaining consideration is allocated to the franchise right and recognized over the term of the franchise agreement.

Costs to Obtain a Franchise Agreement

The Company typically incurs commission expenses paid to employees and broker fees and referral expenses paid to third parties to obtain franchise agreements with franchisees. These expenses are related to franchise fee revenues, which are recognized over the term of the franchise agreement. As a result, the expenses are capitalized as deferred franchise costs and are expensed over the term of the respective franchise agreement. During the years ended December 31, 2023, 2022 and 2021, the amounts expensed related to costs to obtain a franchise agreement were $838,512, $427,900, and $548,067, respectively. This cost is included in franchise-related costs on the consolidated statements of operations and comprehensive loss.

Marketing and Production Fund Revenues

Elements, Fitness Together, and Amazing Lash collect marketing and production fund fees. Marketing fund monies are used to promote brand awareness and include, but are not limited to, the creation of marketing and promotional material, development and maintenance of websites for the franchise system, and market research. Marketing and production fund fees are collected monthly, primarily based upon a percentage of franchisee gross sales. The Company recognizes these sales-based marketing fund contributions from franchisees when the underlying franchisee sales occur. The total marketing fund revenues earned for the years ended December 31, 2023, 2022 and 2021 were $7,019,165, $7,175,879 and $6,509,644, respectively, and are included in marketing fund revenues on the accompanying consolidated statements of operations and comprehensive loss. The Company records the related marketing expenses as incurred under marketing fund expenses on the accompanying consolidated statements of operations and comprehensive loss. Per the guidance in Accounting Standards Codification 720, *Other Expenses*, when the marketing and production fund revenue collections exceed the related expenses, marketing expenses are accrued up to the amount of revenues to be utilized in the subsequent years. As of December 31, 2023 and 2022, $622,838 and $832,893, respectively, is included in accrued marketing expenses on the consolidated balance sheets.

Managed Marketing Revenues

Elements collects and spends managed marketing fees under the Company's administration in support of the franchisees. The total managed marketing revenues earned for the years ended December 31, 2023, 2022 and 2021 were $4,877,738, $4,139,055 and $4,365,428, respectively, and are included in marketing fund revenues on the accompanying consolidated statements of operations and comprehensive loss. The Company records the related marketing expenses as incurred under marketing fund expenses on the accompanying consolidated statements of operations and comprehensive loss. When revenues of the managed marketing fund exceed the related expenses, marketing expenses are accrued up to the amount of revenues to be utilized in the subsequent years. As of December 31, 2023 and 2022, $37,905 and $0, respectively, is included in accrued marketing expenses on the consolidated balance sheets.

Initial Marketing Revenues

Elements and Amazing Lash collect initial marketing fees and spend them to support franchisees' grand openings. The total initial marketing revenues earned for the years ended December 31, 2023, 2022 and 2021 were $127,507, $58,281 and $82,121, respectively, and are included in marketing fund revenues on the accompanying consolidated statements of operations and comprehensive loss. The Company records the related marketing expenses as incurred under marketing fund expenses on the accompanying consolidated statements of operations and comprehensive loss. As of December 31, 2023, and 2022, $144,928 and $88,008, respectively, are included in accrued marketing expenses on the consolidated balance sheets.

Company-Owned Studio Revenues

The company-owned Elements Massage studio generates revenues by providing massage services to members and non-members. Each service provided is considered a distinct performance obligation. Revenues from massage are recognized at a point in time when services are provided or when services or packages expire. Amounts received prior to services being provided are included in deferred revenues - company-owned studios on the accompanying consolidated balance sheets. Memberships billed and collected for monthly services and gift cards purchased before the service is performed are also included in deferred revenues - company-owned studios on the accompanying consolidated balance sheets.

Gift Cards Revenues

The Company sells gift cards online and in franchise and company-owned studios. The Company does not charge administrative fees on unused gift card balances, and the gift cards have no expiration date. Gift card sales are recorded as deferred revenues when sold and are recognized as revenues when redeemed by customers for service. Gift card breakage is recognized under the proportional method when the Company determines a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction does not exist. The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage on a pro-rata basis over the period of estimated redemption. The Company recognized $275,268, $333,444 and $230,608 in breakage revenues related to gift cards during the years ended December 31, 2023, 2022 and 2021, respectively.

Product Sales Revenues

The Company recognizes product sales revenues primarily through WAVE. WAVE recognizes revenues from the sale of eyelash extension-related products and supplies, massage-related products and supplies, personal protective equipment and supplies, and furniture and fixtures used in Amazing Lash, Elements and Fitness Together studios. During the years ended December 31, 2022 and 2021, WAVE also sold supplies and furniture to the Company's affiliated entities (Note 11). The Company's policy is to recognize the revenues upon shipment of the products, supplies, or equipment to the customers. Deferred revenues consist of payments to WAVE from franchisees for drop shipments of initial furniture inventory stocking prior to the studio opening.

Timing of Satisfaction

For WAVE, contract terms do not include cancellation provisions that would result in an enforceable right to payment for performance completed to date, and, as a result, revenues are recognized at a point in time.

WAVE typically satisfies its performance obligations as products are shipped to the studios.

Products are typically shipped via "FOB Shipping", and, as such, ownership of goods in transit transfers to the studios that bear the associated risks (e.g., loss, damage, or delay).

Because contracts with customers usually contain only one performance obligation that is satisfied at a point in time, there are no unsatisfied performance obligations that would result in contract assets or liabilities.

Allocating the Transaction Price

For WAVE, the transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes). Sales taxes are collected from

customers and remitted to government agencies. Shipping and handling are recorded as fulfillment costs when such expenses incur.

To determine the transaction price of a contract, the Company considers its customary business practices and the terms of the contract. To determine transaction prices, the Company assumes that the goods or services will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be canceled, renewed, or modified. Most of the Company's contracts with customers have fixed transaction prices that are denominated in U.S. dollars.

Significant Payment Terms

For WAVE, payment for goods and services sold by the Company is typically made in full at the point of shipment by charging the customer's preauthorized credit or debit card. The Company does not offer discounts if the studios pay some or all the payment prior to shipment.

Nature of Promises to Transfer

Goods that WAVE contracts to transfer to customers are purchased by WAVE for resale.

Returns and Refunds

In most cases, considerations paid for products that customers purchase from WAVE are nonrefundable. Therefore, at the time revenues are recognized, WAVE does not estimate expected refunds for returns, nor does WAVE exclude any such amounts from revenues.

Warranties

Goods that customers purchase from WAVE are covered by manufacturers' warranties that the goods will operate to the advertised specifications. WAVE does not sell warranties separately.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions include the estimated useful lives of property and equipment, the useful live of intangible assets, self-insurance reserves, general reserves, inventory reserve, leases and the disclosure of contingencies. Actual results could differ from those estimates.

Foreign Currency

Assets and liabilities of Elements Canada are translated from their functional currency, Canadian dollars, into U.S. dollars at the exchange rates in effect at the consolidated balance sheet date. Revenue and expense transactions are translated into U.S. dollars using the average prevailing rate during the month of the related transaction. The Company records translation gains and losses in accumulated other comprehensive loss as a component of members' equity on the accompanying consolidated balance sheets. Foreign currency transaction gains and losses are included in the consolidated net loss.

Concentration of Credit Risk

The Company grants credit to franchisees in the normal course of business for collecting royalties and other operating revenues. The Company periodically performs credit analyses and monitors the financial condition of the franchisees to reduce credit risk.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The new guidance requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected by recording the amount of current expected credit losses ("CECL") in a valuation account that is deducted from the amortized cost basis of the financial asset. ASU 2016-13 is effective for reporting periods beginning after December 31, 2022. The Company adopted ASU 2016-23 in the fiscal year beginning January 1, 2023, which did not result in a material change to its consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are financial instruments, which potentially subject the Company to a concentration of credit risk. The Company holds cash at financial institutions in excess of amounts covered by the Federal Depository Insurance Corporation ("FDIC") but does not believe that such deposits with its banks are subject to any unusual risk.

Accounts Receivable and Allowance for Credit Loss

Accounts receivable primarily consist of royalties, marketing production fund, and managed marketing receivables from franchisees. The Company considers a reserve for credit losses based on the creditworthiness of franchisees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. The Company had an allowance of $121,460 and $54,965 as of December 31, 2023 and 2022, respectively.

Property and Equipment, Net

Property and equipment are recorded at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from two to ten years, and the related lease terms for leasehold improvements. Capital projects in progress consist of costs for projects that have not been placed into service and are not being depreciated.

Inventory, Net

Inventory primarily consists of eyelash extension related products and supplies, massage related products and supplies, personal protective equipment, equipment and furniture, and inbound freight. Inventory is stated at the lower of cost or net realizable value, with cost determined using the average cost method. Inventory is presented net of reserve for excess and obsolete inventory. The Company periodically reviews the value of items in inventory and provides write down or write offs of inventory primarily based on historical usage and the estimated forecast of product demand. As of December 31, 2023 and 2022, the Company had a reserve of $973,259 and $1,439,907, respectively. See Note 14 for additional inventory reserve recorded in 2022 as the result of COVID-19 Pandemic impact.

Notes Receivable

Notes receivable consist of various promissory notes financed by the franchisees with interest rates of 11% due upon various specified terms in the agreements. These notes are collateralized by the related franchise agreements and the franchisees' personal assets and are included in prepaid and other on the consolidated balance sheets. As of December 31, 2023 and 2022, the Company had notes receivable of $60,000 and $0, respectively.

Intangible Assets, net

Intangible assets consist primarily of franchise agreements, trade names, trademarks, non-compete agreements, and acquired rights.

Franchise Agreements

Franchise agreements are recorded based upon the fair value of these assets at the date of the change in control. The agreements are being amortized utilizing the straight-line method over their estimated useful lives, which are between five and ten years.

Trade Names

The Company has determined that its trade names have indefinite lives; accordingly, these assets are not being amortized but are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is not recoverable, the Company records an impairment charge for the excess of the carrying amount over the fair value. No impairment charge was recorded in 2023, 2022, or 2021.

Trademarks

Trademarks are being amortized over their estimated useful lives ranging from 8 to 10 years.

Noncompete Agreements

The noncompete agreements are being amortized over their estimated useful lives, which range from three to seven years.

Acquired Area Representative Rights

The Company historically entered into agreements to purchase selected territories held by area representatives or the rights to a portion of future royalties owed to area representatives. The acquired rights are recorded as an intangible asset, measured at the costs of acquisition, and amortized over the remaining contractual term of the rights at the date of acquisition. If the terms of the contract that give rise to an acquired right are favorable or unfavorable relative to similar market transactions, a settlement gain or loss is recognized. The Company has determined that the terms of the contracts are consistent with similar market transactions; accordingly, no settlement gain or loss was recorded for the years ended December 31, 2023, 2022 and 2021.

Goodwill, Net

Goodwill represents the excess of the acquisition costs over the estimated fair value of assets acquired less liabilities assumed in the acquisition. The Company adopted the provisions of Accounting Standards Update ("ASU") 2014-02, *Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill*, which allows for the straight-line amortization of goodwill over a 10-year life. According to ASU 2014-02, *Goodwill*, must be tested for impairment when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. The Company did not identify any triggering events that would result in an impairment to goodwill for the years ended December 31, 2023, 2022 and 2021.

Debt Issuance Costs

The Company incurred debt issuance costs in connection with the debt described in Note 7. These costs are recorded as a reduction in the balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense.

Leases

The Company adopted ASU 2016-02*, Leases (Topic 842)*, effective January 1, 2022, along with related clarifications and improvements using the modified retrospective approach without application to prior periods. The new lease accounting guidance requires the recognition of liabilities for lease obligations and corresponding operating lease assets on the balance sheet and disclosure of key information about leasing arrangements. The Company applied the package of practical expedients which stipulates that, upon adoption of ASU 2016-02, companies do not need to reassess whether any expired or existing contracts are leases or contain leases under the new standard, classification of any expired or existing leases under the new standard, or whether unamortized initial direct costs for existing leases meet the definition of initial direct costs under the new standard. The Company had lease agreements with lease and non-lease components, accounting for a single lease component. On January 1, 2022, the operating lease asset was $871,659, and the total operating lease liability was $930,707. The standard has no impact on the cash provided or used by operating, investing, or financing activities on the Company's consolidated statements of cash flows. See Note 10.

Income Taxes

The Parent is a limited liability company treated as a partnership for federal and state income tax purposes, with all income tax liabilities and/or benefits being passed through to the members. WellBiz and Elements Canada file federal income tax returns in the United States and Canada, respectively.

WellBiz files a consolidated return with Holdings ("Holdings Consolidated Group") as the reporting entity for federal and state reporting. All income tax liabilities and/or benefits of the Holdings Consolidated Group will be reported in these consolidated financial statements. Holdings Consolidated Group has recognized deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities that will result in taxable or deductible amounts in future periods. Holdings Consolidated Group accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by tax authorities, based on the technical merits of the position. Interest and penalties related to unrecognized tax benefits will be recognized on the income tax expense line in the accompanying consolidated statements of operations and comprehensive loss. Accrued interest and penalties will be included on the related tax liability line in the consolidated balance sheets.

Holdings Consolidated Group measures the tax benefits recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

The FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes,* in December 2019. The guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. ASU 2019-12 is effective for reporting periods beginning after December 15, 2021, and early adoption is permitted. The Company adopted ASU 2019-12 in the fiscal year beginning January 1, 2022, which did not result in a material change to its consolidated financial statements of 2023 and 2022.

Advertising Expense

The Company expenses advertising costs during the period in which they are incurred. Advertising expenses for the years ended December 31, 2023, 2022 and 2021 were $1,709,889, $546,490 and $511,420, respectively. Company-owned studio advertising expenses are included in the above and were $33,292, $62,359 and $93,355 for the years ended December 31, 2023, 2022 and 2021, respectively. The remaining expenses are related to certain general brand initiatives outside of those expensed in the marketing fund and the marketing support expenses related to franchise sales.

Fair Value of Financial Instruments

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For assets and liabilities recorded or disclosed at fair value on a recurring basis, the Company determines fair value based on the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 - Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Upcoming Accounting Pronouncement

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This update provides temporary optional expedients to applying the reference rate reform guidance to contracts that reference the London Interbank Offer Rate ("LIBOR") or another reference rate expected to be discontinued. Under this update, contract modifications resulting in a new reference rate may be accounted for as a continuation of the existing contract. This guidance is effective upon issuance of the update and applies to contract modifications made through December 31, 2022. The Company adopted Topic 848 during 2023 in conjunction with an amendment entered into with our credit facility to facilitate a transition from LIBOR to the Secured Overnight Financing Rate ("SOFR"), noting it did not have a material impact on the Company's Consolidated Balance Sheets or Consolidated Statements of Operations and Comprehensive Loss.

In December 2023, the FASB Issued ASU 2023-09, *Improvements to Income Tax Disclosures*. This update establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under this update, entities are required to enhance disclosures and provide greater disaggregation of information in rate reconciliation and income taxes paid. This guidance is effective for non-public entities for annual periods beginning after December 31, 2025. The Company is currently evaluating the impact of this guidance and does not expect material impacts on its consolidated financial statements.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment at December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Office and studio equipment	$ 196,724	$ 174,019
Computer equipment	807,339	698,386
Capital projects in process	1,003,426	675,617
Computer software	7,496,137	5,161,391
Leasehold improvements	952,215	808,484
Total cost	10,455,841	7,517,897
Accumulated depreciation and amortization	(4,333,132)	(2,940,926)
Net property and equipment	$ 6,122,709	$ 4,576,971

Depreciation expenses for the years ended December 31, 2023, 2022 and 2021 was $1,392,205, $1,151,417 and $1,128,728, respectively.

NOTE 4 - GOODWILL, NET

The Company has adopted the provision of ASU 2014-02, *Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill*, which allows for the straight-line amortization of goodwill over 10 years and started to amortize goodwill.

Goodwill as of December 31, 2023 and 2022 is summarized as follows:

	2023		
	Gross Carrying Amount	Accumulated Amortization and Exchange Rate Adjustment	Net
Goodwill	$ 56,027,426	$ 16,810,998	$ 39,216,428

	2022		
	Gross Carrying Amount	Accumulated Amortization and Exchange Rate Adjustment	Net
Goodwill	$ 56,027,426	$ 11,209,771	$ 44,817,655

Amortization expense related to Goodwill for the years ended December 31, 2023, 2022 and 2021 was $5,602,743, $5,602,743 and $5,602,743, respectively.

Estimated amortization expense for the years ending December 31 is as follows:

Years Ending	Amount
2024	$ 5,602,743
2025	5,602,743
2026	5,602,743
2027	5,602,743
2028	5,602,743
Thereafter	11,202,713
Total	$ 39,216,428

NOTE 5 - INTANGIBLE ASSETS, NET

Intangible assets as of December 31, 2023 and 2022 is summarized as follows:

	2023		
	Gross Carrying Amount	Accumulated Amortization and Exchange Rate Adjustment	Net
Franchise agreements	$ 25,974,208	$ 16,086,708	$ 9,887,500
Trade names	2,071,380	-	2,071,380
Trademarks	5,501,750	3,638,021	1,863,729
Noncompete agreements	694,410	569,946	124,464
Acquired rights	28,639,874	22,588,049	6,051,825
Photography copyrights	277,945	277,945	-
Total intangible assets	$ 63,159,567	$ 43,160,669	$ 19,998,898

	2022		
	Gross Carrying Amount	Accumulated Amortization and Exchange Rate Adjustment	Net
Franchise agreements	$ 25,974,208	$ 13,986,708	$ 11,987,500
Trade names	2,071,239	-	2,071,239
Trademarks	5,501,750	2,950,521	2,551,229
Noncompete agreements	694,365	497,044	197,321
Acquired rights	28,639,874	18,025,246	10,614,628
Photography copyrights	277,945	277,945	-
Total intangible assets	$ 63,159,381	$ 35,737,464	$ 27,421,917

Amortization expenses related to Intangible Assets was $7,423,160, $7,838,074 and $8,437,662 for the years ended December 31, 2023, 2022 and 2021, respectively.

Estimated amortization expense for the years ending December 31 is as follows:

Years Ending	Amount
2024	$ 6,201,030
2025	4,648,994
2026	3,302,881
2027	2,120,529
2028	1,487,500
Thereafter	166,584
Total	$ 17,927,518

The Company entered into agreements to purchase selected territories held by area representatives. The area representative agreements entitled the area representatives to a portion of certain revenues generated in the territories in exchange for developing, promoting and supporting franchised studios in their regions. Upon the area representative agreements being purchased, the revenues will now be retained wholly by the Company. As of December 31, 2022, the Company purchased back all outstanding area representative agreements. The Company records the acquired area representative right as an intangible asset, measured at the costs of acquisition and amortized over the remaining contractual term at the date of acquisition.

Amazing Lash entered into a purchase agreement for the Los Angeles, California territory that was consummated on July 15, 2022 for $500,000, paid for by a lump-sum cash payment.

Amazing Lash entered into a purchase agreement for the Oklahoma territory that was consummated on June 30, 2021 for $30,000, paid for by a lump-sum cash payment.

Amazing Lash entered into a purchase agreement for the Nevada territory that was consummated on July 9, 2021 for $70,000, paid for by a lump-sum cash payment.

Amazing Lash entered into a purchase agreement for the Pennsylvania territory that was consummated on December 31, 2021 for $150,000, paid for by a lump-sum cash payment.

NOTE 6 - ACCRUED EXPENSES

Accrued expenses as of December 31, 2023 and 2022 are summarized as follows:

	2023	2022
Gift cards	$ 1,045,277	$ 1,087,930
Salary, bonus, commission, and severance	2,538,242	2,661,279
Company-owned studio accruals	47,688	46,995
Professional fees	1,359,837	989,606
Sales tax payable	149,214	167,675
Legal accrual	75,178	225,000
Inventory accrual	379,139	826,579
Lease exit accrual, current portion	128,692	124,893
Other accruals	87,525	562,032
Total	$ 5,810,792	$ 6,691,989

NOTE 7 - LONG-TERM DEBT

Long-term debt as of December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Joint and several term loan for $50,000,000 with a credit agreement due in quarterly installments of $125,000 and a balloon payment due upon maturity with certain excess cash flow repayment requirements, including interest at 5.50% percent plus the SOFR or LIBOR, as applicable and Payment-in-Kind ("PIK") interest at 1% to 2% (an effective rate of 11.96%, 8.53% and 8.18% as of December 31, 2023, 2022 and 2021, respectively). The note is collateralized by substantially all of the Company's assets and is due on September 12, 2024.	$ 48,916,367	$ 50,217,452
Joint and several delayed draw term loan for $17,269,800 with a credit agreement due in quarterly installments of $43,175 and a balloon payment due upon maturity, with certain excess cash flow repayment requirements, including interest at SOFR or LIBOR, as applicable plus 5.50% and PIK interest at 1% to 2% (an effective rate of 11.91%, 8.43% and 8.21% as of December 31, 2023, 2022 and 2021, respectively). The delayed draw term loan has a credit limit of $20,000,000. The note is collateralized by substantially all of the Company's assets and is due on September 12, 2024.	17,604,468	17,568,860
Total	66,520,835	67,786,312
Less: unamortized debt issuance costs	233,931	570,250
Outstanding debt balance, net	66,286,904	67,216,062

Less: current portion of long-term debt	66,286,904	1,992,660
Long-term portion, net	$ -	$ 65,223,402

In 2023, the Company entered into an amendment with its creditor, Golub Capital LLC, to allow the use of the SOFR rate as a replacement for LIBOR upon its discontinuation on June 30, 2023. SOFR is a new index calculated by short-term repurchase agreements and backed by US Treasury securities.

As part of the credit agreement entered in 2018, as described above, the Company also obtained a revolving line of credit. The revolving line of credit has a credit limit of $5,000,000, bears interest at LIBOR plus 5.50% and PIK interest at 1% to 2% (an effective interest rate of 7.09% as of December 31, 2022), and matures on September 12, 2024. The outstanding balance on this line of credit is $0 as of December 31, 2023 and 2022, respectively.

Under the credit agreement, the Company is subject to various financial covenants, including a required leverage ratio. As of December 31, 2023, the Company is in compliance with all financial covenants required by the credit agreement.

The Company's outstanding debt under the credit agreement is set to mature on September 12, 2024 and is classified as current liability as of December 31, 2023. The Company is currently negotiating a refinance of the outstanding debt amount, however in the event its unable to secure new financing, the Company has obtained a financial commitment from its parent company, KSL Capital Partners, LLC.

As of December 31, 2022, the Company met the excess cash flow repayment requirements provided by the credit agreement and repaid $1,300,000 of the outstanding term loan balance on April 28, 2023. The Company did not meet any excess cash flow repayment requirements as of December 31, 2023.

NOTE 8 - MEMBERS' EQUITY

The Company is a limited liability company; therefore, the members are not liable for the debts, obligations, or other liabilities of the Company, whether arising in contract, tort, or otherwise, unless the member has signed a specific guarantee. Capital contributions shall be made to the Company when the members mutually agree. Distributions shall be made to, and profits and losses of the Company shall be allocated among members pro rata in accordance with the amounts of their contributions to the Company. In the years ended December 31, 2023, 2022 and 2021, the Company distributed $615,456, $0, and $500,000, respectively, to its members.

NOTE 9 - INCOME TAXES

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future periods. These amounts were determined using the enacted tax rates in effect for the period where the differences are expected to reverse. If necessary, the measurement of deferred tax assets is reduced by the amount of any tax benefits that are not expected to be realized based on available evidence.

Pursuant to the guidance for uncertain tax positions, a taxpayer must be able to more likely than not sustain a position to recognize a tax benefit, and the measurement of the benefit is calculated as the largest amount that is more than 50% likely to be realized upon resolution of the benefit. The Company has analyzed filing positions in all of the federal, state, and foreign jurisdictions where it is required to file income tax returns

and all open tax years in these jurisdictions. The only periods subject to examination for the Company's federal and state returns are the 2018 through 2022 tax years. No uncertain tax positions have been identified as of December 31, 2023 and 2022.

The components of the income tax provision included in the consolidated statements of operations and comprehensive loss are all attributable to continuing operations and are approximately as follows for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Current income tax expense	$ 886,756	$ 912,858	$ 406,558
Deferred income tax expense	(245,136)	(200,353)	302,605
Total income tax expense	$ 641,620	$ 712,505	$ 709,163

The details of the net deferred tax asset at December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax asset - net operating loss	$ 182,000	$ 182,000
Deferred tax asset - leasing transactions	126,220	129,566
Deferred tax asset - exploration and acquisition costs	134,509	148,484
Deferred tax asset - cumulative allocation of income (loss) from subsidiaries	664,308	394,621
Deferred tax asset - accrual	143,221	51,738
Deferred tax liability - equipment and property	(198,665)	(103,060)
Deferred tax asset (liability) - other	(2,000)	1,108
Gross deferred tax asset	1,049,593	804,457
Less: valuation allowance	(180,000)	(180,000)
Net deferred tax asset	$ 869,593	$ 624,457

As of December 31, 2023 and 2022, Holdings Consolidated Group had no net operating loss carryforwards related to federal and state jurisdictions. The total tax expense is composed of pretax book income multiplied by the statutory rate and adjusted for permanent differences, prior period true-ups, income/loss passed through to members, and changes in the valuation allowance.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the relative impact of negative and positive evidence, including historical losses and projections of future taxable income.

As of December 31, 2023 and 2022, Elements Canada had net operating loss carryforward of $182,000. Based upon the projections for future taxable income at Elements Canada, management has concluded that it does not meet the accounting criteria for recognizing a portion of its deferred tax asset; that is, estimated future taxable income does not constitute sufficient positive evidence to conclude that it is more likely than not that a portion of its net deferred tax assets would be realizable in the foreseeable future. As of December 31, 2023 and 2022, the Company had maintained a valuation allowance of $180,000 which stayed unchanged from prior years.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases one Elements Massage studio, one warehouse, and one office facility under noncancelable operating leases with various renewal options. The Company's leases generally have minimum remaining terms of 1-5 years, most of which include options to extend the leases for an additional five year periods. The Company has made an accounting policy election not to recognize lease assets or the related lease liabilities for leases with an initial lease term of 12 months or less.

The Company determines if a contract contains a lease at inception. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for accrued lease payments. As most of the Company's leases do not provide an explicit rate, the Company uses the discount rate implicit, if available, or based on the Company's incremental borrowing rate, which is determined using the Company's credit rating and information available as of the commencement date. Operating lease assets include lease payments made at or before the lease commencement date, net of lease incentives.

The Company's leases typically contain rent escalations over the lease term. The Company recognize expense for these leases on a straight-line basis over the lease term.

The Company's operating lease assets and liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Operating lease assets, net	$ 1,347,344	$ 1,836,050
Current portion of operating lease liabilities	$ 553,132	$ 569,889
Long-term portion of operating lease liabilities	938,853	1,378,646
Total operating lease liabilities	$ 1,491,985	$ 1,948,535

The components of lease expense, including variable lease costs consisting of common area maintenance charges, repairs and maintenance, real estate taxes and utilities are included in Rent and occupancy on the consolidated statements of operations and comprehensive loss for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Operating lease cost	$ 506,961	$ 505,094
Variable lease cost	413,551	292,486
Total lease cost	$ 920,512	$ 797,580

Maturities of the operating lease liabilities for the years ending December 31 are as follows:

Years Ending	Amount
2024	$ 553,132
2025	538,352
2026	444,187
2027	113,456
Total future operating lease liability	1,649,127
Less: present value discount	157,142
Present value of operating lease liability	$ 1,491,985

Supplemental cash flow information related to leases for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 569,889	$ 455,444
Right-of-use assets obtained in exchange for new operating lease liabilities	-	2,233,938
Other information related to operating leases as follows:		
Weighted average remaining lease term	3.01 years	3.93 years
Weighted average discount rate	6.50%	6.50%

Prior to the adoption of ASU 2016-02, the Company leased two Elements Massage studios, a warehouse, and two office facilities under noncancelable operating leases with various renewal options for the year ended December 31, 2021. Total rent expense paid for by the Company, including common area maintenance and pro rata share of certain expenses under these leases was $896,543 for the year ended December 31, 2021.

Lease Exit Costs

In December 2021, the Company exited its Englewood, Colorado office location and entered into a sublease agreement through the remaining lease term. In accordance with accounting for exit and disposal activities, the Company recognized a liability for lease exit costs incurred once the Company no longer derived economic benefit from the related lease. The liability was determined based on the remaining lease rental due, reduced by estimated sublease rental income that could be reasonably obtained for the property. The lease terms of the space exited expires in 2027. The liability is recorded in accrued expenses and other current liabilities (current portion) and accrued lease exit liability (non-current portion) within the consolidated balance sheets. For the year ended December 31, 2021, the Company recognized a total of $918,995 in lease exit costs associated with the office sublease in other charges in the consolidated statement of operations and comprehensive loss. The Company does not expect to incur significant additional charges in future periods related to the exit.

Litigation

In the normal course of business, the Company may be named a party to various lawsuits. The Company maintains insurance to cover certain actions. As of December 31, 2023, the Company had pending litigations related to disputes with the franchisees of Amazing Lash and pending litigations related to the sexual assault claims brought by clients of franchised Elements studios and was not able to provide an estimate of the range of loss at the financial statement issuance date. As of December 31, 2022, the Company had no material pending litigations.

NOTE 11 - RELATED PARTY TRANSACTIONS

In 2021, an affiliated entity of the Company, Steele Pomp Investment, LLC ("Steele Pomp"), formed DB Franchise, LLC ("Drybar") to acquire the franchise business of Drybar Holdings, LLC to operate retail hair blowout shops and formed Radiant Waxing Franchise, LLC ("Radiant Waxing") to acquire the franchise business of Lunchbox Wax Holdings, LLC to operate retail waxing salons. Steele Pomp is owned by the managing partner of the Company. Subsequent to each acquisition, the Company entered into management service agreements to provide certain services, including accounting, legal, information technology, and other related franchisor support to Drybar and Radiant Waxing. The Company charged management fees to Steele Pomp for the services noted above. The management fee revenue is included in other revenue on the consolidated statements of operations and comprehensive loss. The management agreements between companies are ongoing until terminated by either party.

For the years ended December 31, 2023, 2022, and 2021, the Company recognized $1,158,414, $1,054,944, and $643,958 of management fees revenue from Steele Pomp, respectively, included in technology and other revenue on the accompanying consolidated statements of operations and comprehensive loss and allocated $3,321,778, $2,187,689 and $224,440, respectively, marketing, payroll, product-related and other direct costs to Steele Pomp. As of December 31, 2023 and 2022, the Company was owed $523,138 and $577,964, respectively, by Steele Pomp which has been recorded in due from affiliate on the consolidated balance sheets. The balance was paid in full as of the issuance of these consolidated financial statements.

NOTE 12 - EMPLOYEE BENEFITS

The Company sponsors a defined contribution retirement plan (the "Plan") for eligible employees. Under the Plan, the Company can make a matching contribution equal to 100% of salary deferrals that do not exceed 3% of compensation, plus 50% of salary deferrals between 3% and 5% of compensation. All contributions made by the employee and employer are immediately vested. The Company made retirement contributions totaling $477,417, $469,548 and $373,278 for the years ended December 31, 2023, 2022 and 2021, respectively.

NOTE 13 - OTHER CHARGES

Other charges during the years ended December 31, 2023, 2022 and 2021 consist of the following:

	2023	2022	2021
Realignment	$ 1,093,367	$ 1,389,053	$ 787,042
Litigation	464,185	33,012	7,278
Integration and conversion	105,926	43,103	1,049,075
Nexus compliance	-	-	18,235
Lease exit costs	-	-	918,995
Gain on closure of the company-owned studio	-	(539,071)	-
Total	$ 1,663,478	$ 926,097	$ 2,780,625

NOTE 14 - COVID-19 PANDEMIC RELATED COSTS

The COVID-19 pandemic had material adverse effects on the Company's business. In 2022, the Company recorded $959,651 of costs to reserve obsolete and excess inventory of items purchased as a direct result of the COVID-19 pandemic or products related to services discontinued as a result of the pandemic. During the years ended December 31, 2022 and 2021, the Company qualified for federal government assistance of $12,817 and $870,566, respectively, through the Employee Retention Credit Act of 2021 and recorded this credit in the COVID-19 related (benefit) expenses on the accompanying consolidated statements of operations and comprehensive loss. In 2021, the Company incurred $708,002 of costs to directly invest in franchisees to assist in their recovery to pre-pandemic staffing and sales levels. The Company doesn't expect the COVID-19 pandemic to continue to impact the Company's operations and cash flows negatively.

NOTE 15 - SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through March 29, 2024, which is the date the consolidated financial statements were available to be issued. On February 7, 2024, the Company entered into an agreement to transfer 24 franchise agreements for sold but not yet operational Amazing Lash studios into Drybar franchise agreements.

GUARANTEE OF PERFORMANCE

For value received, WBZ Investment LLC, a Delaware limited liability company (the "Guarantor"), located at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, absolutely and unconditionally guarantees to assume the duties and obligations of Elements Therapeutic Massage, LLC, located at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (the "Franchisor"), under its franchise registrations, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Denver, Colorado, on this 28 day of March, 2024.

Guarantor:

WBZ INVESTMENT LLC

By:_____
Robert Bell
Chief Financial Officer

EXHIBIT F

STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559 (866) 275-2677	Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677
FLORIDA	Dept. of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0900 (850) 245-6000	Same
HAWAII	Dept. of Commerce & Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce & Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E 018 Indianapolis, IN 46204 (317) 232-6531
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 (502) 696-5389	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Dept. of Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg., 1st Floor Lansing, MI 48913 (517) 373-7117	Michigan Dept. of Attorney General Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Dept. of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Dept. of Banking & Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68505-2732 P.O. Box 95006 Lincoln, NE 68509-5006 (402) 471-2171	Same
NEW YORK	New York State Dept. of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8236 Fax: (212) 416-6042	New York Secretary of State New York Dept. of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Dept. 600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 Phone: (701) 328-4712	North Dakota Securities Commissioner Same Address
RHODE ISLAND	Dept. of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 68-2 Cranston, RI 02920 (401) 222-3048	Director, Dept. of Business Regulation, Securities Division Same Address
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Department of Labor and Regulation Division of Insurance – Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 (512) 475-1769	Same
UTAH	Utah Dept. of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Phone: (801) 530-6601 Fax: (801) 530-6001	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Div. of Securities & Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219-3630 (804) 371-9672
WASHINGTON	Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 (360) 902-8760	Director, Dept. of Financial Institutions Securities Division Same Address
WISCONSIN	Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-3431	Wisconsin Commissioner of Securities Same Address

EXHIBIT G

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

Location: [ADDRESS]
(Studio Number: [NUMBER])

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER ("**Consent**") is made by and among **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company ("**Franchisor**"); [SELLER] ("**Seller**"); [SELLER GUARANTOR] ("**Seller Guarantor**"); and [BUYER] ("**Buyer**"), effective as of the Effective Date (defined below). All terms capitalized in this Consent and not otherwise defined herein shall have the meanings ascribed to them in the Seller Franchise Agreement (defined below) or the Buyer Franchise Agreement (defined below), as the case may be.

Recitals

A. Seller is the franchisee under that certain franchise agreement dated [DATE], as it may have been amended by subsequent addendum or addenda (the "**Seller Franchise Agreement**"), governing the ownership and operation of the Elements Massage® Studio located at [ADDRESS] (the "**Studio**").

B. Seller Guarantor personally guaranteed all of the obligations under the Seller Franchise Agreement.

C. Seller has notified Franchisor that it and Buyer have entered into a purchase and sale agreement dated [DATE] (the "**Purchase Agreement**"), pursuant to which Seller has agreed to sell, and Buyer has agreed to purchase, all of the rights, obligations and assets relating to the Studio (the "**Interests**").

D. Buyer has also agreed to (1) assume the lease obligations for the Studio, and (2) enter into Franchisor's current form of franchise agreement (the "**Buyer Franchise Agreement**") (the transfer of Interests under the Purchase Agreement, the assumption by Buyer of the Studio's lease obligations and the execution of the Buyer Franchise Agreement, collectively referred to as the "**Transfer**").

E. Franchisor has agreed not to exercise its right of first refusal as set forth in the Seller Franchise Agreement and has agreed to approve the Transfer of the Studio in accordance with the terms, and subject to the conditions, set forth in this Consent.

Agreement

NOW, THEREFORE, for and in consideration of the foregoing recitals, which are incorporated herein, the mutual covenants contained herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date**. The "**Effective Date**" will be the date on which Franchisor signs this Consent acknowledging its consent to the proposed Transfer, which date shall be consistent with the effective date of the Buyer Franchise Agreement.

2. **Purchase Agreement**. Seller and Buyer represent and warrant that the form of Purchase Agreement provided to Franchisor is the final version of the Purchase Agreement and is the version which has been, or will be, executed by them to effectuate the Transfer. The Purchase Agreement will not be amended, and the terms set forth in the Purchase Agreement will not be changed, except with the prior written consent of Franchisor.

3. **Conditional Consent; Release of Guaranty**. Notwithstanding anything in this Consent to the contrary, the consent and release set forth herein are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("**Closing Date**"):

a. Franchise Agreement. The Seller Franchise Agreement will terminate as of the Closing Date in accordance with the terms set forth in Section 7 below, and the operation of the Studio will thereafter be governed by the Buyer Franchise Agreement.

b. Payment of Amounts Due. Seller will pay to Franchisor all amounts due from or accrued by Seller (or an affiliate of Seller) through the Closing Date.

c. Transfer Fee. Upon execution of this Consent by Seller and Buyer, a transfer fee in the amount of [_____] ("**Transfer Fee**") shall be paid to Franchisor via cashier's check or wire transfer. Except as described in Section 5 below, Seller and Buyer acknowledge and agree that Franchisor has earned the Transfer Fee upon receipt thereof and that the Transfer Fee is not refundable.

d. Fee Deposit. Upon execution of this Consent by Seller and Buyer, Seller agrees to deposit [_____] ("**Fee Deposit**") with Franchisor via cashier's check or wire transfer. Franchisor will refund the Fee Deposit to Seller, less any amounts which may be due pursuant to Section 3.b, within thirty (30) days following the later of the Closing Date or the date upon which Seller and Buyer comply with all terms and conditions set forth in this Consent.

e. Training. Buyer (or, if Buyer is an entity, one of Buyer's co-owners) and, if not the same person as Buyer (or the designated co-owner), Buyer's Designated Manager (as defined in the Buyer Franchise Agreement) (or the individual having responsibility for the day-to-day operations of the Studio) shall satisfactorily complete the first available Training Program (as defined and described in the Buyer Franchise Agreement) offered by Franchisor following the Effective Date.

f. Right to Possession. Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the Studio by way of lease assignment and/or assumption or otherwise (with all required landlord consents), as more fully described in Section 6 below.

g. Site Selection Assistance. Buyer acknowledges and agrees that Franchisor has complied with and satisfied its obligations under the Buyer Franchise Agreement to provide site selection and development assistance.

h. Seller Financing. Regardless of any provision of the Purchase Agreement (or any other agreement) to the contrary, if Seller provides financing to Buyer for any portion of the purchase price for the Studio and such financing is secured by any assets of the Studio, Seller acknowledges and agrees that Seller does not and will not have any interests or rights, revisionary or otherwise, to operate the Studio after the Closing Date pursuant to the Seller Franchise Agreement or Buyer Franchise Agreement.

i. Studio Upgrades/Renovations. Within sixty (60) days following the Closing Date, Buyer will complete the upgrades and renovations of the Studio, at Buyer's expense, as required to improve the condition and appearance of the Studio consistent with Franchisor's current System Standards and other Franchise System requirements.

4. **Waiver of Right of First Refusal**. Franchisor hereby waives its right of first refusal to purchase the Interests, as set forth in the Seller Franchise Agreement.

5. **Contingency**. This Consent and the Buyer Franchise Agreement may be terminated if:

a. The Transfer between Seller and Buyer is cancelled, or otherwise not approved by Franchisor;

b. Seller and/or Buyer fail to meet any of the conditions and/or requirements set forth in this Consent, the Seller Franchise Agreement, and/or the Buyer Franchise Agreement; or

c. Seller and Buyer fail to change possession and/or ownership of the Studio within ninety (90) days following the Closing Date.

In the event of such termination, Seller and Buyer will execute a termination and release agreement (in a form acceptable to Franchisor) pursuant to which Franchisor will refund the Transfer Fee, without interest; provided, however, if Buyer and/or Buyer's designated representative(s) have attended any portion of the Training Program, Franchisor will only be obligated to refund fifty percent (50%) of the Transfer Fee.

6. **Assignment/Assumption of Lease**. Seller and Buyer acknowledge that one of the requirements of Franchisor's consent is that the Studio lease be assigned to and/or otherwise assumed by the Buyer and that the lease for the Studio may require consent of and/or notice to the landlord with respect to such assignment and/or assumption. Provided (a) Buyer takes an assignment of the existing lease for the Studio; (b) the terms of such lease are not amended; and (c) the lease for the Studio includes the terms of Franchisor's required lease addendum, Franchisor waives the requirement for lease review and approval set forth in the Buyer Franchise Agreement. If (i) the lease terms are amended; (ii) the lease for the Studio does not include the terms of Franchisor's required lease addendum; or (iii) Buyer enters into a new lease for the Studio, all lease review and approval requirement set forth in the Buyer Franchise Agreement shall remain applicable. Buyer acknowledges and agrees that Franchisor's approval of the Studio location and waiver of the lease review requirement or approval of the lease terms do not constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability of the Studio location or the lease, and Buyer acknowledges that it has taken all steps necessary to ascertain whether the Studio location and lease are acceptable to Buyer.

7. **Termination of Seller Franchise Agreement and Guaranties**. Franchisor and Seller acknowledge and agree that, as of the Closing Date and upon the Transfer and compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and associated guaranties will automatically terminate and neither Seller nor Seller Guarantor shall have any further rights or obligations thereunder except that neither Seller nor Seller Guarantor shall be released from:

a. any obligations to pay money to Franchisor under the Seller Franchise Agreement, any related guaranty agreements, or otherwise in connection with obligations arising prior to the Closing Date (whether known or unknown as of the Closing Date); or

b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including, without limitation, the provisions related to confidential information, post-termination restrictive covenants, indemnification, notice, governing law, jurisdiction and venue, and dispute resolution).

8. **Release of Franchisor**. Seller, Seller Guarantor, and Buyer, and each of them, on behalf of themselves and each of their respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns, hereby fully and forever unconditionally release and discharge Franchisor and its current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, franchisees, area directors, parent companies, predecessors, affiliates, subsidiaries, successors, and assigns (the "**Franchisor Parties**"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown, or which may hereafter be discovered, accrued, or sustained in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or the Franchisor Parties, however characterized or described, including but not limited to, any claims arising from Seller's operation of the Studio, the Seller Franchise Agreement, the Buyer Franchise Agreement, the Purchase Agreement, or the transactions described in this Consent, or under any applicable state or federal franchise or other law, including the Federal Trade Commission Act, and all applicable Rules of the Federal Trade Commission promulgated pursuant to the Federal Trade Commission Act.

(If the Studio is located in California or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of California, the following shall apply):

Section 1542 Acknowledgment. Seller, Seller Guarantor, and Buyer recognize that he, she, or it may have some claim, demand, obligation, action, liability, defense, or damage against Franchisor or the Franchisor Parties of which Seller, Seller Guarantor, and Buyer are totally unaware and unsuspecting, which he, she, or it is giving up by executing this Consent. Nonetheless, it is the intention of Seller, Seller Guarantor, and Buyer in executing this Consent that this instrument, (i) be and is a general release which shall be effective as a bar to each and every claim, demand, obligation, action, liability, defense, or damage released by Seller, Seller Guarantor, and Buyer, and (ii) will deprive Seller, Seller Guarantor, and Buyer of each and every such claim, demand, obligation, action, liability, defense, or damage and prevent him, her, or it from asserting it against Franchisor or the Franchisor Parties. In furtherance of this intention, Seller, Seller Guarantor, and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."
Seller, Seller Guarantor, and Buyer acknowledge and represent that he, she, or it has consulted with legal counsel before executing this Consent and that Seller, Seller Guarantor, and Buyer understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this Consent shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, obligations, actions, liabilities, defenses or damages.

(If the Studio is located in Maryland or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of Maryland, the following shall apply):

Any release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

(If the Studio is located in Washington or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of Washington, the following shall apply):

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

9. **Non-Disparagement**. In consideration of the accommodations provided to Seller, Seller Guarantor, and Buyer, and the concessions made by Franchisor and its affiliates under this Consent, Seller, Seller Guarantor, and Buyer agree not to, and to use their best efforts to cause their respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns not to, disparage, impugn or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Franchisor Parties, the Elements Massage® brand, the Elements Massage franchise system, or any other service-marked or trademarked concept of Franchisor or the Franchisor Parties, or take any other action which would subject the Elements Massage brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor, the Franchisor Parties, or the Elements Massage brand.

10. **Acknowledgment**. Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

11. **Additional Documents**. Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement, and the Buyer Franchise Agreement.

12. **Miscellaneous Provisions**.

a. Confidentiality. Except as reasonably necessary to perform Seller's, Seller Guarantor's, or Buyer's obligations or exercise or enforce Seller's, Seller Guarantor's, or Buyer's rights under this Consent, neither Seller, Seller Guarantor, nor Buyer shall provide or disclose to any third party, or use, unless authorized in writing to do so by Franchisor or properly directed or ordered to do so by public authority or court of competent jurisdiction, any information or matter that constitutes or concerns the terms and conditions of this Consent or that regards any dealings or negotiations with Seller, Seller Guarantor, or Buyer related to this Consent.

b. Governing Law. This Consent will be construed and enforced in accordance with, and governed by, the laws of the state set forth in the Buyer Franchise Agreement.

c. Amendment. This Consent may not be modified or amended or any term hereof waived or discharged except in a writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.

d. Headings. The headings of this Consent are for convenience and reference only and will not limit or otherwise affect the meaning hereof.

e. Controlling Provisions. In the event of any conflict between the terms of this Consent and the terms of the Seller Franchise Agreement or the Buyer Franchise Agreement, the terms of this Consent shall control.

f. Counterpart Signatures. This Consent may be executed in any number of counterparts and sent via facsimile or other electronic transmission, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be made effective as of the Effective Date.

FRANCHISOR:
ELEMENTS THERAPEUTIC MASSAGE, LLC

By:_____
Name:_____
Title:_____
Date*:_____
***This is the Effective Date*

SELLER:
[SELLER]

By:_____
Name:_____
Title:_____
Date:_____

Forwarding Address:_____
_____
Forwarding Email:_____
Telephone: _____

SELLER GUARANTOR:
[SELLER GUARANTOR]

By:_____
Print Name:_____

By:_____
Print Name:_____

BUYER:
[BUYER]

By:_____
Name:_____
Title: _____
Date:_____

EXHIBIT H

FORM OF RENEWAL ADDENDUM

RENEWAL ADDENDUM TO
FRANCHISE AGREEMENT

THIS RENEWAL ADDENDUM ("Addendum") is dated as of the last signature date below (the "Effective Date") and is attached to and made a part of that certain Franchise Agreement dated as of the same date hereof (the "New Agreement"), by and between **ELEMENTS THERAPEUTIC MASSAGE, LLC**, a Delaware limited liability company ("we" "us" or "our"), and [FRANCHISEE] ("you" or "your"). We and you shall collectively be referred to as the "Parties." All capitalized terms set forth in this Addendum and not otherwise defined herein shall have the meanings ascribed to them in the New Agreement.

Recitals

A. By way of information and background, you have been operating the Elements Massage® studio located at [ADDRESS] (the "Studio"), pursuant to a franchise agreement entered into by the Parties dated [DATE], as it may have been subsequently amended (the "Original Agreement").

B. The initial term of the Original Agreement is scheduled to expire on [EXPIRATION DATE] (the "Expiration Date").

C. The Original Agreement provides that, as of the Expiration Date, you have the option to acquire a successor franchise to operate the Studio for one additional term of ten (10) years, subject to certain terms and conditions set forth therein.

D. You have notified us that you wish to exercise your option to acquire a successor franchise for an additional term of ten (10) years ("Renewal") and, in connection therewith, the Parties have agreed to make certain modifications with respect to the terms of the New Agreement, all as set forth in this Addendum.

Agreement

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the Parties agree as follows:

Amendment of New Agreement.

1. Section 2.B.: Lease Approval. We have previously approved the lease for the Premises as required pursuant to Section 2.B. and therefore waive the requirement for lease review and approval; provided, however, if the lease terms are amended or you enter into a new lease for the Premises during the term of the New Agreement, all lease review and approval requirements set forth in the New Agreement shall remain applicable.

2. Section 2.D.: Development and Construction of Your Studio. The Parties acknowledge that the development, construction, and decoration of the Premises, as described in Section 2.D., has previously been completed.

3. Section 2.H.: Studio Opening. The Parties acknowledge that the Studio has opened for business as required pursuant to Section 2.H.

4. Section 3.C.: Software Set-Up Fee. We acknowledge that you have previously paid the software set-up fee described in Section 3.C.

5. Section 4.G.: On-Site Opening Assistance for New Studios. You acknowledge and agree that we have complied with our obligation under the New Agreement to provide you with opening support as set forth in Section 4.G.

6. Section 9.A.: Grand Opening Spend Requirement. Section 9.A. is deleted in its entirety.

7. Section 13.A.: Successor Franchise Fee. Concurrently with signing the New Agreement and this Addendum, you agree to pay us a successor franchise fee of $[FEE], in the form of a lump sum payment, by wire transfer. The successor franchise fee is fully earned by us when paid by you and is not refundable under any circumstance.

8. Studio Improvements. Within sixty (60) days following the Effective Date, you will remodel and/or expand your Studio, add or replace improvements and Operating Assets (as defined in the New Agreement), and otherwise modify your Studio, at your expense, as required to comply with our current System Standards and other Franchise System requirements.

9. Original/New Agreements. As of the Effective Date, the Original Agreement will be deemed expired, and the operation of the Studio will thereafter be governed by the New Agreement.

10. Release of Franchisor. You, on behalf of yourself and your respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns, hereby fully and forever unconditionally release and discharge us and our current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, franchisees, area directors, parent companies, predecessors, affiliates, subsidiaries, successors, and assigns (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to you, which you may have against the Released Parties as of the date of this Addendum, or which may thereafter be discovered, accrued, or sustained in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described.

(If the Studio is located in California or if you are a resident of California, the following shall apply):

Section 1542 Acknowledgment. It is your intention in executing this Addendum that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by you, and you recognize that you may have some claim, demand or cause of action against us or the Released Parties of which you are totally unaware and unsuspecting, which you are giving up by executing this Addendum. It is your intention in executing this instrument that it will deprive you of such claim, demand or cause of action and prevent you from asserting it against us or the Released Parties. In furtherance of this intention, you expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

You acknowledge and represent that you have consulted with legal counsel before executing this Addendum and that you understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this Addendum shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

(If the Studio is located in Maryland or if you are a resident of Maryland, the following shall apply):

Any release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

(If the Studio is located in Washington or if you are a resident of Washington, the following shall apply):

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

11. Non-Disparagement. You agree not to, and to use your best efforts to cause your respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns not to, disparage, impugn or otherwise speak or write negatively, directly or indirectly, of us or the Released Parties, the Elements Massage® brand, the Elements Massage system, or any other service-marked or trademarked concept of us or the Released Parties, or take any other action which would subject the Elements Massage brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of us, the Released Parties, or the Elements Massage brand.

12. Miscellaneous Provisions.

(a) Governing Law. This Addendum will be construed and enforced in accordance with, and governed by, the laws of the state set forth in the New Agreement.

(b) Amendment. This Addendum may not be modified or amended or any term hereof waived or discharged except in a writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.

(c) Headings. The headings of this Addendum are for convenience and reference only and will not limit or otherwise affect the meaning hereof.

(d) Controlling Provisions. This Addendum modifies the New Agreement. In the event of any conflict between a provision of the New Agreement and this Addendum, the provisions of this Addendum shall control. Except as amended by this Addendum, the New Agreement is unmodified and in full force and effect in accordance with its terms.

(e) Counterpart Signatures. This Addendum may be executed in any number of counterparts and sent via facsimile or other electronic transmission, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum to be effective as of the Effective Date.

ELEMENTS THERAPEUTIC MASSAGE, LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

DATED*:_____
(*This is the Effective Date of this Addendum)

FRANCHISE OWNER

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
Entity Name

_____
Signature

Name:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):

_____
Signature

_____
Print Name

DATED:_____

EXHIBIT I

OPERATIONS MANUAL TABLE OF CONTENTS

ELEMENTS THERAPEUTIC MASSAGE, LLC

OPERATIONS MANUAL TABLE OF CONTENTS

Description	Page Numbers	Total Pages in Section
Cover Page	N/A	N/A
Table of Contents	1-5	5
Chapter 1 – Administrative	6-19	14
Chapter 2 – Elements Foundation	20-32	13
Chapter 3 – Studio Operations	33-39	7
Chapter 4 – Studio Employees	40-52	13
Chapter 5 – Marketing	53-63	11
Appendices	64-65	2
Total Number of Pages	**66**	

State Effective Dates

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	April 9, 2024
Illinois	Pending
Indiana	April 2, 2024
Maryland	Pending
Michigan	April 1, 2024
Minnesota	April 29, 2024
New York	Pending
North Dakota	May 1, 2024
Rhode Island	April 17, 2024
South Dakota	April 2, 2024
Virginia	Pending
Washington	Pending
Wisconsin	April 2, 2024

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

RECEIPTS

RECEIPT
(OUR COPY)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Elements Therapeutic Massage, LLC, offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Elements Therapeutic Massage, LLC, does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is Elements Therapeutic Massage, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880. The franchise seller for this offering is:

☐ _____
Elements Therapeutic Massage, LLC
1890 Wynkoop Street, Unit 1
Denver, CO 80202
(303) 663-0880

☐ _____
Elements Therapeutic Massage, LLC
1890 Wynkoop Street, Unit 1
Denver, CO 80202
(303) 663-0880

☐ Name of Franchised Seller: _____

Principal Business Address: _____

_____

Issuance Date: April 1, 2024.

See Exhibit F for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 1, 2024, that included the following Exhibits:

Exhibit A -	State Addenda and Agreement Riders	Exhibit F -	State Agencies and Agents for Service of Process
Exhibit B -	Franchise Agreement and Exhibits	Exhibit G -	Agreement and Conditional Consent to Transfer
Exhibit C -	Area Development Agreement and Exhibits	Exhibit H -	Form of Renewal Addendum
Exhibit D1 -	List of Franchisees	Exhibit I -	Operations Manual Table of Contents
Exhibit D2 -	Franchisees Who Left the System	Exhibit J -	State Effective Dates
Exhibit D3 -	Franchises Sold But Not Yet Opened	Exhibit K -	Receipts
Exhibit E -	Financial Statements		

PROSPECTIVE FRANCHISEE:

If a business entity:

_____
Name of Business Entity
Signature: _____
Title: _____
Print Name: _____

Dated: _____
(Do not leave blank)

If an individual:

_____
Print Name: _____

Dated: _____
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail to Elements Therapeutic Massage, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, or by faxing it to (720) 545-2151.

RECEIPT
(YOUR COPY)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Elements Therapeutic Massage, LLC, offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Elements Therapeutic Massage, LLC, does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is Elements Therapeutic Massage, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880. The franchise seller for this offering is:

❑ _____
Elements Therapeutic Massage, LLC
1890 Wynkoop Street, Unit 1
Denver, CO 80202
(303) 663-0880

❑ _____
Elements Therapeutic Massage, LLC
1890 Wynkoop Street, Unit 1
Denver, CO 80202
(303) 663-0880

❑ Name of Franchised Seller: _____

Principal Business Address: _____

_____

Issuance Date: April 1, 2024.

See Exhibit F for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 1, 2024, that included the following Exhibits:

Exhibit A -	State Addenda and Agreement Riders	Exhibit F -	State Agencies and Agents for Service of Process
Exhibit B -	Franchise Agreement and Exhibits	Exhibit G -	Agreement and Conditional Consent to Transfer
Exhibit C -	Area Development Agreement and Exhibits	Exhibit H -	Form of Renewal Addendum
Exhibit D1 -	List of Franchisees	Exhibit I -	Operations Manual Table of Contents
Exhibit D2 -	Franchisees Who Left the System	Exhibit J -	State Effective Dates
Exhibit D3 -	Franchises Sold But Not Yet Opened	Exhibit K -	Receipts
Exhibit E -	Financial Statements		

PROSPECTIVE FRANCHISEE:

If a business entity:

_____
Name of Business Entity

Signature: _____

Title: _____

Print Name: _____

Dated: _____
(Do not leave blank)

If an individual:

_____

Print Name: _____

Dated: _____
(Do not leave blank)

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