

FRANCHISE DISCLOSURE DOCUMENT

SEVA BEAUTY, LLC

An Illinois Limited Liability Company

295 Palmas Inn Way

Suite #104, PMB#220

Humacao, Puerto Rico 00791

877-SEVA-BEAUTY

www.SevaBeauty.com

franchising@sevabeauty.com



We grant qualified franchisees the right to own and operate our fast-casual spa business that provides various esthetic services and retail products, using the trade name SEVA Beauty as well as our business model and systems. The total estimated investment to begin operation of a SEVA Studio is \$80,050 to \$237,700. This includes \$27,000 to \$30,200 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **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 SEVA Beauty LLC, Director of Franchise Development, 295 Palmas Inn Way, Suite #104, PMB#220 Humacao, Puerto Rico 00791, telephone 877-SEVA-BEAUTY.

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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, Washington, D.C. 20580. You can also visit the FTC's home page at <http://www.ftc.gov> for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 27, 2019, as amended November 13, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN HUMACAO, PUERTO RICO. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN PUERTO RICO THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN CHICAGO, ILLINOIS. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN CHICAGO, ILLINOIS THAN IN YOUR OWN STATE.

3. 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 HOME, AT RISK IF YOUR FRANCHISE FAILS.

4. IF YOU BUY THIS FRANCHISE, EACH YEAR YOU MUST ACHIEVE A MINIMUM GROSS SALES AMOUNT SET BY US. IF YOU FAIL TO ACHIEVE THE MINIMUM GROSS SALES AMOUNT, YOU WILL PAY THE SAME ROYALTY AS THOSE WHO MET THE MINIMUM, AND WE MAY TERMINATE YOUR FRANCHISE AGREEMENT.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Dates. See next page for state effective dates.

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	<u>May 8, 2019, as amended</u> _____, 2019
Hawaii	<u>_____</u> , 2019
Illinois	<u>May 3, 2019 as amended</u> _____, 2019
Indiana	March 28, 2019, <u>as amended November 13, 2019</u>
Maryland	<u>_____</u> , 2019
Michigan	March 27, 2019, <u>as amended November 13, 2019</u>
Minnesota	<u>April 3, 2019</u>
New York	<u>_____</u> , 2019
North Dakota	<u>_____</u> , 2019
Rhode Island	<u>March 28, 2019</u>
South Dakota	<u>_____</u> <u>May 3, 2019, as amended November 13, 2019</u>
Virginia	<u>_____</u> , 2019
Washington	<u>April 5, 2019</u>
Wisconsin	<u>March 27, 2019</u>

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of March 27, 2019, as amended November 13, 2019.

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY

MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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 the Michigan Franchise Investment 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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EXHIBITS

Exhibit A	LIST OF STATE ADMINISTRATORS / LIST OF STATE AGENTS FOR SERVICE OF PROCESS
Exhibit B	FRANCHISE AGREEMENT
Exhibit C	FINANCIAL STATEMENTS
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Exhibit K	RECEIPT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

To simplify the language in this franchise disclosure document (this “Disclosure Document”), we use the terms “SEVA”, “we”, “us” and “our” to refer to SEVA Beauty, LLC. “You” and “your” means the person or entity that buys the franchise. If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise Agreement (defined below) and related agreements will also apply to your owners.

We are an Illinois limited liability company formed on January 6, 2010. Our principal business address is 295 Palmas Inn Way, Suite #104, PMB#220, Humacao, Puerto Rico 00791. We do business under our registered company name and “SEVA.” We opened our first location in 2010 and began franchising in 2010; however, we no longer own or operate any SEVA Studios (as defined below). SEVA has not offered franchises in any other line of business but may do so in the future.

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

Our Parents, Predecessors and Affiliates

Our parent, SEVA Holdings, LLC (“SEVA Holdings”), was organized in Illinois on December 29, 2015, and shares our principal address. SEVA Holdings has never owned, offered or operated any SEVA Studio, nor has it offered franchises for SEVA Studios or any other concepts, but it may do so in the future.

Our affiliate, SEVA Beauty IP, Inc. (“SEVA Beauty IP”), was incorporated in Illinois on September 29, 2010, and has the same principal address as us. SEVA Beauty IP was originally known as SEVA Beauty Holdings, Inc., but changed its name in February 2016. SEVA Beauty IP owns and will provide trademark license rights in certain trademarks to us, enabling us to license trademark rights in those trademarks to franchisees. (See Item 13)

Neither (i) SEVA Holdings nor (ii) SEVA Beauty IP has offered franchises for SEVA Studios or any other concept.

Description of Franchise

We grant franchises for the right to develop and operate a SEVA Studio (each a “SEVA Studio”) at a designated location (the “Authorized Location”). The Franchise Agreement authorizes you to use the SEVA Beauty trade name and service mark, and other marks we periodically authorize (the “Marks”), in connection with the operation of a SEVA Studio, and permits you to use the distinctive identity, trade dress, methods and system (the “System”), developed by us for operating SEVA Studios. SEVA Studios offer a variety of services, including: Brow Shaping, Eyelash Extensions, Eyebrow Tinting, Flash Facials and Makeup Application.

Franchise Agreement

We offer the right to establish and operate a SEVA Studio at a location authorized by us (the “Studio”) under the terms of a single unit franchise agreement (the “Franchise Agreement”). The Franchise Agreement is attached as Exhibit B to this Disclosure Document.

Market and Competition

Your products and services will be marketed to the general public, although your primary customers will be girls and women between 13 and 60 years of age. You may be competing with other similar businesses, including other franchised operations, national chains and independently owned businesses offering similar products and services. You may also face competition from within the same retail environment where the Studio is located, including from businesses such as nail salons or hair salons offering the same or similar services. Changes in local and national economic conditions and local demographics also affect this industry and are difficult to predict. You will also need to contend with normal business risks, including pricing policies of competitors, changes in laws and regulations, supply and demand and new technologies.

Industry Regulations

You must obtain and maintain any permits, licenses, certifications or other indications of authority necessary for the operation of the Studio. Some states require you to obtain a license to provide spa, salon and beauty related services. You are responsible for investigating the availability and requirements for obtaining all necessary licenses in your state and creating, as necessary, state specific versions of required policies and procedures that meet or exceed our System standards. Most states and local governments have enacted laws and regulations that are specific to our industry including requirements for permits, certificates or other licenses to operate a salon or spa and provide our services; general and cosmetology related standards, specifications and requirements for the construction, design and maintenance of business premises; and regulations affecting the health, safety and welfare of salon or spa customers. You and your employees may be required to obtain cosmetology, esthetician, salon, spa or other licenses to provide many or all of our services. You are also responsible to ensure that all regulations and requirements of the applicable cosmetology and state boards are met during the build out process.

You must know the laws and regulations applicable to the Studio and ensure that you and your employees comply with all such laws and regulations. You are also responsible for obtaining any licenses or permits required for operating the Studio and you and your employees must obtain any applicable certificates and licenses. You should consult with your own professional advisors, such as an attorney and accountant, regarding applicable laws and regulations.

ITEM 2

BUSINESS EXPERIENCE

Managing Member and Chief Operating Officer - Vas Maniatis.

Mr. Maniatis has been our Managing Member and Chief Operating Officer since November 2018. Prior to that, he served as our Managing Member and Chief Executive Officer from January 2010 to October 2018. Since December 2015, Mr. Maniatis has also served as Managing Member of our affiliates: (i) SEVA Holdings; and (ii) SEVA Beauty IP.

Director of Franchise Development – Catherine Morazán

Ms. Morazán has been our Director of Franchise Development since March 2019. Prior to that, Ms. Morazán was our Director of Development from November 2018 to February 2019 and our Chief of Staff from January 2018 to October 2018. Prior to that, Ms. Morazán was our Director of Development from

March 2017 to December 2017. From July 2016 to February 2017, Ms. Morazán was our Director of Marketing. From September 2015 to July 2016, Ms. Morazán was our Spa Operations Coach. From July 2014 to September 2015, Ms. Morazán was our Brands Standards Coach. From May 2014 to June 2014, Ms. Morazán was unemployed. From June 2013 to April 2014, Ms. Morazán was an Executive Assistant for Interactive Furniture S.A de C.V., located in San Salvador, El Salvador.

Director of Franchise Compliance - Sandra Vasquez

Ms. Vasquez has been our Director of Franchise Compliance since March 2019. Prior to that, Ms. Vasquez was our Director of Compliance from September 2016 to February 2019, our Franchise Development Coordinator from October 2014 to September 2016, and our Logistics Coach from November 2012 to October 2014.

Director of Support — Katherine Steffany Flamenco Coto

~~Ms. Flamenco Coto has been our Director of Support since March 2019. Prior to that, she was our Support Coordinator from May 2016 to March 2019 and our Franchise Development Coordinator from February 2016 to May 2016. From January 2012 to December 2015, Ms. Flamenco Coto served as Customer Care for Capital One, located in McLean, Virginia.~~

ITEM 3

LITIGATION

Anna A. Davis, Christiana Grace, LLC, Punardeep Sandhu, Amarjeet Randhawa, RS Spas & Salons LLC, Ryan Hollis, Jason Bleick, Karen Bleick, Beauty in Spokane, LLC, Greg Kelly, Robin Kelly, Avatar2026 Holdings, Inc., Thomas Cuthbert, Laura Charboneau, Midwest Beauty, Inc., On Call Enterprises, Inc., and Mivas, LLC v. SEVA Beauty, LLC, Vasilios Maniatis, Sonal Maniatis, Kari Comrov, Bree Viscia, and Jonathan Kittner, No. 2:17-cv-00547-TSZ, U.S. District Court for the Western District of Washington; SEVA Beauty, LLC v. Punardeep Sandhu and Amarjeet Randhawa, No. 01-17-0003-1211, American Arbitration Association (the “Sandhu Arbitration”); SEVA Beauty, LLC v. Ryan Landon Hollis, No. 01-17-0001-9008, American Arbitration Association (the “Hollis Arbitration”); SEVA Beauty, LLC v. Anna Davis and Christiana Grace LLC, No. 01-17-0003-1341, American Arbitration Association (the “Davis Arbitration”); SEVA Beauty, LLC v. Beauty in Spokane, LLC, Jason Bleick, and Karen Bleick, No. 01-17-0003-1379, American Arbitration Association (the “Bleick Arbitration”); SEVA Beauty, LLC v. Avatar2026 Holdings, Inc., Greg Kelly, and Robin Kelly, No. 01-17-0003-1358, American Arbitration Association (the “Kelly Arbitration”); SEVA Beauty, LLC v. Midwest Beauty, Inc., Thomas Cuthbert, and Laura Charboneau, No. 01-17-0003-1381, American Arbitration Association (the “Midwest Beauty Arbitration”); SEVA Beauty, LLC v. Mivas, LLC, Travis Hawkes, and Michael Payne, No. 01-17-0003-1372, American Arbitration Association (the “Mivas Arbitration”); and SEVA Beauty, LLC v. On Call Enterprises, Inc. and Susan Call, No. 01-17-0001-9014, American Arbitration Association (the “Call Arbitration”).

On April 10, 2017, a group of eight franchisees comprised of Anna A. Davis, Christiana Grace, LLC, Punardeep Sandhu, Amarjeet Randhawa, RS Spas & Salons LLC, Ryan Hollis, Jason Bleick, Karen Bleick, Beauty in Spokane, LLC, Greg Kelly, Robin Kelly, Avatar2026 Holdings, Inc., Thomas Cuthbert, Laura Charboneau, Midwest Beauty, Inc., On Call Enterprises, Inc., and Mivas, LLC (collectively, the “Davis Group”) filed a complaint asserting claims for violations of the Washington Franchise Investment Protection Act, the Michigan Franchise Investment Law, the Minnesota Franchise Act, and the Illinois Franchise Disclosure Act against SEVA and the SEVA’s owners and certain current and former employees (Vasilios Maniatis, Sonal Maniatis, Kari Comrov, Bree Viscia, and Jonathan Kittner) (collectively, the “SEVA Parties”). Plaintiffs sought rescission of their franchises, damages in an amount

to be determined at trial and which were estimated to exceed \$2 million, plus punitive damages, attorneys' fees and costs, and interest.

We answered the complaint on May 18, 2017, and also filed eight separate arbitration demands (citations listed above, and collectively the "Arbitrations") against each of the eight franchisee groups that comprise the Davis Group alleging material breach of contract and seeking (i) a declaratory judgment, and (ii) damages, including attorneys' fees. We settled and subsequently dismissed all eight Arbitrations without our acknowledging any liability for any of the franchisees' claims for the following amounts and on the following dates: (i) the Sandhu Arbitration - \$25,000 (June 21, 2018); (ii) the Hollis Arbitration - \$160,000 (June 21, 2018); (iii) the Davis Arbitration - \$855,000 (July 19, 2018); (iv) the Bleick Arbitration - \$300,000 (June 21, 2018); (v) the Call Arbitration - \$150,000 (October 17, 2018); (vi) the Mivas Arbitration - \$175,000 (September 17, 2018) (vii) the Kelly Arbitration - \$150,000 (November 15, 2018); and (viii) the Midwest Beauty Arbitration - \$350,000 (February 5, 2019). All of franchisees' third-party claims against Sonal Maniatis, as an individual, were dismissed with prejudice.

Lalbhai Patel and Beena Hair Salon, Inc. v. SEVA Beauty, LLC, Vasilios Maniatis, Sonal Maniatis, Kari Comrov and Bree Viscia, Case No. 2019L007401, Circuit Court of Cook County, Illinois. On July 5, 2019, franchisee (and its owner) (collectively, "Patel Parties") filed a complaint against Vasilios Maniatis, Sonal Maniatis, Kari Comrov and Bree Viscia (collectively, the "SEVA Group") seeking an unspecified amount of damages based on the allegation that the SEVA Group made certain negligent misrepresentations and omissions when selling the SEVA franchises to Patel Parties. On September 16, 2019, the SEVA Group moved to compel arbitration. On September 20, 2019, after Patel Parties failed to appear upon the Court's scheduled hearing, the SEVA Group obtained a dismissal for want of prosecution order. However, after filing a motion to reinstate the case on October 2, 2019, the Patel Parties' motion to reinstate was granted on October 16, 2019. A status hearing has been set for November 13, 2019.

Other than the above actions, 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

The initial franchise fee for the Studio is \$25,000 ("Initial Franchise Fee"). The Initial Franchise Fee is paid in a lump-sum when you sign the Franchise Agreement and is not refundable under any circumstances.

Opening Inventory and Supplies

We may require that you purchase certain inventory and supplies from us or our affiliates before you open the Studio. If we require that you purchase an opening inventory package from us or our affiliate, you will pay us or our affiliate between \$2,000 and \$5,200 upon placing the order. The purchases related to your opening inventory purchase will not be refundable under any circumstance.

ITEM 6

OTHER FEES

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	6% of Gross Sales	Payable weekly by Tuesday for the preceding week	See Note 2.
Brand Fund Contribution	2% of Gross Sales	Payable electronically and at the same time and in the same manner as the Royalty	See Item 11 for more details regarding the Brand Fund.
Late Fees and Bounced Payments	\$100 per instance	Upon demand	For failure to make payments or file reports on time, or there are insufficient funds in your account when we attempt to withdraw a payment,
Interest	18% per annum of balance due or highest commercial contract interest rate law allows, but not less than a total payment of \$100	With payment of past due amount	Due on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Initial training for Additional or Replacement Manager	Our then-current training fee per person, plus expenses. Our current rate charged for ongoing training is \$1,000 per person.	Upon demand	We train 3 people at no charge. If you request that we provide training for an additional or replacement manager, you must pay our then current training fee and reimburse us for any expenses we may incur in providing the additional training.
Additional Training/Support	As determined by us. We may charge an hourly rate, or a flat fee (including a virtual training fee) for the additional training/support services. Currently, the hourly rate is \$150 per hour.	Upon demand	We may require you to undergo additional training, including through a virtual, Internet or mobile application-based platform, during the term of your Franchise Agreement. We may also, at our option, provide additional support services to you during the term. If we require additional training or provide additional support services, we have the right to charge you a fee for the services, which may be at our then-current hourly rates for such services, or a flat fee.

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer	Transfer Fee of \$12,500 and Training Fee of \$3,000.	Payable at time of transfer	These fees are only payable when you sell your franchise to a third person. The training fee is for training 3 people in connection with the transfer.
Renewal Fee	25% of then-current initial franchise fee	Upon execution of new Franchise Agreement	Charge for renewing the franchise after expiration of term.
Audit	Cost of audit, 15% of underpayment, plus 18% interest from date of underpayment	Upon demand	Payable only if audit shows an understatement of at least 3% of gross sales for any period. Should an audit show an understatement for any period that exceeds 25% or more of your Gross Sales, we may immediately terminate the Franchise Agreement.
Insurance	Our actual costs of insurance for the period of coverage, plus a service charge equal to 25% of the cost of new required insurance for the period of coverage	Upon demand	A service charge of 25% of the annual cost of new insurance is payable to us if you fail to carry the insurance we require and if we decide to purchase it on your behalf (although we are not obligated to do so).
Inoperative Equipment Fee	\$100 per day	As incurred	If any component of your POS System (defined in Item 11), including your IP camera, iPad, receipt printer, credit card terminal, or other equipment is inoperative, we may charge you a per-day fee until fixed
Conventions or franchisee meetings	Up to \$1,000	Upon demand	See Note 3.
Indemnification and Defense	Will vary under circumstances	As incurred	You must reimburse us for losses that we suffer resulting from the operation of the Studio. We may retain our own legal counsel. You must reimburse us for our legal and other professional expenses in connection with the claim. No insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations.

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement and we are the prevailing party in any relevant litigation or arbitration.
Gift Card Program	Will vary. We do not currently charge a fee for participation in the Gift Card Program, but may do so in the future.		You must participate in our gift card program. Gift cards are available for sale through our website and at all SEVA Studios in the System. Gift cards may be redeemed at any SEVA Studio in the System, regardless of where they were purchased.
Liquidated Damages	Will vary under circumstances.	As incurred	See Note 4.

Notes:

- (1) Except when otherwise noted, all fees are uniformly imposed, payable electronically to us and are not refundable. You will be required to sign an Automated Clearing House (ACH) Authorization form (attached to this Disclosure Document as Exhibit H) permitting us to electronically debit your designated bank account for payment of all fees payable to us or our affiliates, including royalties, brand fund contributions and any other amounts that you owe to us or our affiliates for the purchase of goods or services.
- (2) "Gross Sales" means the receipts from all business conducted upon, from or through the Studio together with the amount of all orders taken or received at the Studio's premises. Gross Sales do not include the amount of any sales tax, use, or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers, provided that the amount thereof is added to the selling price or absorbed therein and paid by you to such governmental authority. Further, Gross Sales do not include sales of merchandise for which cash has been refunded, and will be deducted from Gross Sales the price of merchandise returned by customers for exchange provided that the price of the merchandise returned was originally included in Gross Sales and provided also that the sales price of merchandise delivered to the customer in exchange will be included in Gross Sales. If you fail to timely report your Gross Sales, we can withdraw \$500 from your account as an estimated royalty fee and make adjustments once we receive the missing report. During the Studio's first year of operation, you must achieve at least \$150,000 in Gross Sales. During the Studio's second year of operation, and for every rolling 12-month period thereafter, you must achieve at least \$250,000 in Gross Sales. If you fail to achieve these minimum Gross Sales, then we may terminate your Franchise Agreement.
- (3) If we hold an annual or semi-annual meeting for franchisees (whether national or regional), attendance is mandatory. For the annual meeting, we may charge a registration fee to recoup our costs. If we hold a meeting and you do not attend, we may assess a fee of up to \$1,000. We expect to hold any conventions or franchisee meetings in Puerto Rico, but we may elect to hold the conventions and/or meetings elsewhere. You are responsible for travel and accommodation expenses in attending any conventions and/or franchisee meetings.

- (4) If the Franchise Agreement is terminated as a result of a default by you, or you terminate the Franchise Agreement without cause, you must pay us liquidated damages from the date of termination to the scheduled expiration of the then-current term of Franchise Agreement (the “Measurement Period”). Damages will be calculated by multiplying (1) the number of calendar months in the Measurement Period by (2) the average monthly Gross Sales of the Studio during the 12 full calendar months immediately preceding the termination date; however, if as of the termination date, the Studio has not been operating for at least 12 months, Damages will be calculated based on the average monthly Gross Sales during our previous fiscal year immediately preceding the termination date of all SEVA Studios operating under the Marks during the entirety of that fiscal year.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 1 Amount ¹	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee	\$25,000	Lump Sum	At signing of the Franchise Agreement	Us
Training	\$1,000 to \$2,000 (Note 2)	As incurred	During your initial training	Your employees and third parties
Real Estate Improvements /Spa in a Box	\$10,000 to \$60,000 (Note 3)	Lump Sum	Before construction begins	Third-party suppliers
Furniture, Fixtures & Equipment	\$20,000 to \$50,000 (Note 4)	Lump Sum	Before Opening	Third-party suppliers
Rent	\$550 to \$11,000 (Note 5)	As arranged	Monthly	Third-party landlord
Security Deposit	\$2,000 - \$25,000	Lump Sum	Upon signing a lease agreement	Third-party landlord
Computer System	\$2,000 to \$4,000 (Note 6)	Lump Sum	Before Opening	Third-party suppliers
Grand Opening Promotion	\$1,500 (Note 7)	Lump Sum	Before Opening	Third-party suppliers
Opening Inventory	\$2,000 - \$5,200 (Note 8)	Lump Sum	As purchased	Us, our affiliate or a third-party supplier.
Insurance Premiums	\$1,000 to \$4,000 (for your annual installment)	As purchased	As purchased	Third-party suppliers
Additional Funds (6-12 months)	\$15,000 to \$50,000 (Note 9)	As incurred	As incurred	Various employees, vendors, etc.
TOTAL		\$80,050 to \$237,700		

Notes:

- (1) Except as agreed upon by third party suppliers, none of these expenditures are refundable.
- (2) The Initial Franchise Fee includes training for 3 individuals before opening the Studio. Training of additional employees will cost \$1,000 for each additional employee. While training is free for 3 individuals, there may be circumstances where you will have to pay for your employed lead technician to assist with your initial and manager training. We may also require that your Named Partner and/or Studio Manager conduct an on-site visit at an existing SEVA Studio prior to opening your Studio. This estimate includes travel expenses associated with such on-site visit.
- (3) Real estate improvements and Spa in a Box includes design plans, blue-prints, initial interior build-out, lighting, flooring, mirrors, cooling/heating systems and other costs associated with initial leasehold improvements. The costs estimated will also depend on the brands purchased and other factors.
- (4) Furniture, fixtures and equipment includes inventory shelves, décor, salon chairs, televisions, monitors, speakers, and other types of furniture and fixtures necessary to outfit your Studio.
- (5) Rent varies based on several factors, including size, condition, location, and various market conditions. The estimates assume you will lease between 500 to 1,500 square feet.
- (6) This estimate includes the computer equipment and software described in Item 11
- (7) You are required to spend a minimum of \$1,500 on grand opening marketing and promotion. This estimate may include advertising, brochures, flyers, coupons, banners, and similar materials.
- (8) You may be required to purchase certain opening inventory from us or our affiliates such as SEVA-branded thread and SEVA-branded lashes, or any other supplies we may require.
- (9) This estimates the working capital required during the first 6 to 12 months of operation. It includes payroll expenses, ongoing advertising expenses, initial insurance premiums, utility payments, high speed internet charges, rent, royalty fee payments, brand fund payments, and miscellaneous expenses. This estimate does not include any financing costs associated with the purchase of the franchise. This estimate does not include an owner's salary or draw. We cannot guarantee that your expenses will not be greater. Your costs will depend on factors such as: how well you follow our operating system, your management skill, market conditions, lease rates, wage rates, media rates, the economy, your competition, and your initial sales levels. ~~We make no representation that the Studio will be profitable during this time period.~~

In compiling these estimates we have relied on our experience in establishing and operating SEVA Studios. Our experience is predominately derived from operating SEVA Studios inside Walmart locations.

The estimates may vary significantly dependent upon additional factors, such as the size of your market area, local economic conditions, the number of employees, your choice of optional equipment, availability of labor and materials in your area, freight and delivery costs, taxes and interest rates. If your business is located in a major urban center, the initial investment may be significantly higher.

These figures do not consider financing charges, inflation, compensation for your personal time or labor, rent or interest expenses payable before the Studio opens or similar costs. There are many variables in these costs and expenses, and your actual experience may be lower or higher than the estimates given. You should not plan to draw income from the operations during the start-up and development of your business, which period may vary considerably among SEVA Studios and cannot be accurately predicted by us. You should have additional financial resources available to cover any additional expenses and any operating losses that you may experience. The amount of reserves will vary greatly and will depend upon many factors, including the rate of growth and success of your business.

Your initial investment will also depend upon such factors as demographic and local economic conditions, public awareness of our marks and the nature of your business in the local area, your ability to operate efficiently and in accordance with our System and local competition. Neither we nor any of our affiliates offer direct or indirect financing for any part of the initial investment. We strongly urge you to utilize the services of experienced accountants or financial advisors to evaluate our franchise program and to develop your own business plan and financial projections for your operations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved/Designated Suppliers

We require you to purchase certain products, services (including site-selection, site-design and build-out services), signs, furnishings, supplies, fixtures, inventory, computer hardware and software, and equipment (“Approved Supplies”) from distributors and vendors that we have approved (“Approved Suppliers”). We will provide you with a list of Approved Supplies and Approved Suppliers, which we may revise periodically in our Operating Manual or otherwise in writing. We may create SEVA-branded products in the future, and if that happens, we will be the only Approved Supplier of such SEVA-branded products and require you to purchase and use those products at the Studio.

If you want to purchase or use any item which has not been specifically approved by us in writing, you must first notify us in writing and submit to us sufficient specifications, photographs, drawings and other information or samples for us to determine whether the proposed item complies with our specifications and standards, and the supplier meets our approved supplier criteria, which determination will be made and communicated in writing to you within a reasonable time, typically within 30 days after receipt of the information from you or from the proposed supplier. We do not charge any fee for our review of alternate products or suppliers.

We apply the following general criteria in approving a proposed supplier: 1) ability to make product in conformity with our specifications; 2) willingness to protect the secrets behind the uniqueness of a product without dissemination to others; 3) production and delivery capability for the System; 4) reputation and integrity of supplier; and 5) financial condition and insurance coverage of the supplier. We may revoke our approval of a supplier at any time by providing you 30 days’ written-notice.

We will not issue to you or to our approved suppliers (except as we deem necessary for purposes of production) the specifications and standards we develop for products and services. Other than Vas Maniatis’s ownership interest in us, none of our officers or owners owns an interest in an approved supplier.

Derived Revenue

We and our affiliates may derive revenue and other material consideration, including through mark-ups, on account of franchisee purchases and leases. We may also derive revenue on account of franchisee purchases from us, our affiliates and any other supplier without limitation. The amount of the mark-up and pricing for required purchases is subject to our absolute discretion. Any products or services that you purchase from us will be at our then-current price. During our fiscal year ended December 31, 2018, neither we nor our affiliates received any revenue based on required purchases or leases by franchisees.

Insurance

You must obtain and maintain, at your own expense, insurance coverage that we specify in the Operating Manual or otherwise in writing. We may regulate the types, amounts, terms and conditions of insurance coverage required for the Studio, and standards for underwriters of policies providing required insurance coverage.

We prescribe the types and minimum insurance coverage that you must carry. You need to evaluate if your business will require greater coverage or other types of insurance. You also may need different types or additional insurance if required by the lease. All liability policies must name us and our affiliates as additional named insureds using a form of endorsement we have approved. Our mandatory minimum insurance requirements for each SEVA Studio are as follows:

Required Coverage	Minimum Limits of Coverage
General Aggregate	\$4,000,000
Per Occurrence	\$2,000,000
Beauticians/Salon Professional Liability	\$1,000,000
Employee Benefits Liability (applies if you provide Employment Benefits)	\$1,000,000
Products/Completed Operations Aggregate	\$4,000,000
Personal and Advertising Injury	\$1,000,000
Employer's Practices Liability	\$1,000,000
Hired and Non-Owned Auto Liability	\$1,000,000
Tenant Legal Liability	\$300,000
Medical Expense (any one person)	\$10,000

Policies must be written by an A.M. Best "A" or better rated insurance company satisfactory to us and must meet our specifications, including types and amounts of coverage, and the dollar limits and deductibles levels, among other things. You must promptly deliver to us insurance policies or certificates of coverage which designate the name and address of the issuer, the policy number, amount and provisions thereof, all policies will contain a provision that the policy may not be canceled, terminated, or materially or adversely modified without 30 days prior notice from the insurance company to us. You agree that at least 10 days before the expiration of any insurance policy, you will deliver to us either written evidence that the policy has been renewed or a certificate of coverage from another company. All policies will provide that the insurance companies waive subrogation or consent to waiver of right of recovery against us. We, at our option, may make any necessary payments to keep any insurance required in this agreement in force if you fail to do so, and you will immediately reimburse us for such payments plus a 25% service charge. Your obligation to carry insurance will not be reduced because of any insurance we may carry, nor will any insurance carried by us relieve your indemnification obligation.

We may identify additional types of insurance that you must carry upon reasonable notice. We may periodically modify all minimum amounts to reflect inflation, general industry standards or our future experience with claims.

Other Revenue To Us

Although we do not currently receive any rebates and/or other consideration (including promotional allowances and volume discounts) from our designated suppliers as a result of franchisee purchases, we may do so in the future. During our fiscal year ended December 31, 2018, neither we nor our affiliates earned any revenues from vendors based on required purchases by our franchisees.

We may, but are not obligated to, negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Presently, there are no purchasing or distribution cooperatives that you are required to join.

The estimated proportion of the required purchases and leases (whether from us or from other approved suppliers, or in accordance with our specifications) to all purchases and leases by you is approximately 90% in establishing the business and 55% to 90% in the operation of the franchised business.

We do not provide material benefits to you based on purchases through the sources we designate or approve.

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for SEVA Studios.

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 Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: 1.01 and 3.01	Items 7 and 11
b.	Pre-opening purchases/leases	FA: 3.01, 4.02	Items 7, 8, 11
c.	Site development and other pre- opening requirements	FA: 3.01 - 3.05	Items 7 and 11
d.	Initial and ongoing training	FA: 3.03 and 4.21	Items 6 and 11
e.	Opening	FA: 3.04	Item 11
f.	Fees	FA: 1, 2, 4 and 6	Items 5, 6, 7
g.	Compliance with standards and policies/Operating Manual	FA: 4	Item 11
h.	Trademarks and proprietary information	FA: 5	Items 13 and 14
i.	Restrictions on products/ services offered	FA: 4	Items 8 and 16
j.	Warranty and customer service requirements	None	Not applicable
k.	Territorial development and sales quotas	FA: 4.22	Item 6
l.	Ongoing product/service purchases	FA: 4.03	Item 8

Obligation		Section in Agreement	Disclosure Document Item
m.	Maintenance, appearance and remodeling requirements	FA: 3.02 and 4.01	Items 6 and 11
n.	Insurance	FA: 4.16	Items 7 and 8
o.	Advertising	FA: 2.03, 2.04 and 4.08	Items 7 and 11
p.	Indemnification	FA: 4.18	Item 11
q.	Owners participation/ management/staffing	FA: 4.09 and 4.10	Items 11 and 15
r.	Records and reports	FA: 4.12	Item 11
s.	Inspections/audits	FA: 4.13 and 4.14	Item 11
t.	Transfer	FA: 6	Items 6 and 17
u.	Renewal	FA: 1.04	Item 17
v.	Post-termination obligations	FA: 8	Item 17
w.	Non-competition covenants	FA: 5.06	Item 17
x.	Dispute resolution	FA: 10	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or any other obligation. We do not have any agents or affiliates who offer financing directly or indirectly to you.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

Before you open the Studio, we will provide you with the following assistance:

1. Accept the site of the Studio. (Franchise Agreement – Section 3.01)
2. Provide you with an approved list of fixtures, equipment and supplies needed to establish the Studio. (Franchise Agreement - Section 3.03)
3. Provide our “Spa-in-the-Box” development support. (Franchise Agreement - Section 3.03)
4. Provide you with a list of Approved Suppliers and Approved Supplies. (Franchise Agreement - Section 4.02)
5. Provide you (or your Named Partner), your Studio Manager (defined below), and one other person with our initial training program. (Franchise Agreement - Section 3.04)

6. Loan to you one copy of our Operating Manual that contains specifications, standards, policies, and procedures relating to the establishment and operation of the Studio. (Franchise Agreement - Section 4.01)
7. Provide you with advice concerning operational issues upon your grand-opening. (Franchise Agreement - Section 3.06)

Continuing Obligations

During the operation of the Studio, we will provide the following assistance and services:

1. Provide you with updates to the Operating Manual. (Franchise Agreement - Sections 4.01 and 4.02)
2. Allow you to participate in our web site. (Franchise Agreement - Section 4.06)
3. Administer the Brand Fund. (Franchise Agreement - Section 2.04)
4. Inspect the Studio. (Franchise Agreement - Section 4.14)
5. Conduct training, hold meetings, and hold conferences as we deem appropriate. (Franchise Agreement - Sections 4.04, 4.09 and 4.22)

Site Selection and Opening of the Studio

You must locate, obtain and occupy the site for the Studio, on your own initiative and at your own expense. However, we may require that you exclusively use real estate agents designated by us when pursuing potential sites, at your expense. You must advise us in writing of your proposed site and you must submit to us a complete site report (containing demographic, commercial and other information we may reasonably require). Our determination to accept or reject a site is based on various criteria and includes but is not limited to the location of the proposed site, the demographics of the area surrounding the proposed site and your proximity to the proposed site. We may change our site selection criteria at any time and in our sole discretion. Our prior acceptance is required in writing. We will accept or reject your proposed site within 30 days after we receive all the materials you are required to provide to us. Our acceptance of a site will be by delivery of written notice to you. If you do not receive a written notice of our acceptance within 30 days after receipt of the requisite materials to accept or reject a proposed site, your proposed site is considered rejected. You must obtain our acceptance of a site within 90 days following the date you sign the Franchise Agreement. If you do not secure an accepted site within this time period, we may terminate the Franchise Agreement.

You must obtain our written acceptance of the Studio's proposed site before signing any lease, sublease or other document for the site. You must deliver an executed lease that provides you the right to operate the Studio in accordance with the System Standards at the accepted site within 90 days of the Effective Date or we may terminate the Franchise Agreement.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the Studio will range from 3 to 6 months. You must open to the public within the earlier of (i) 90 days after you are provided possession of the Studio's premises, or (ii) 365 days after signing the Franchise Agreement.

Advertising:

Brand Fund

We require you to contribute 2% of Gross Sales to the Brand Fund. We will direct all advertising and marketing programs and have the right to make all decisions over all creative concepts, materials and endorsements, website development and the geographic, market and media placement of all programs. We do not promise that we will spend the Brand Fund in any given geographic region or that the benefits you receive will be in proportion to your contributions. We are not required to spend any amount on advertising in your geographic area. Any SEVA Studio owned by us or an affiliate will contribute to the Brand Fund on the same basis as franchised SEVA Studios.

We may terminate and resume the Brand Fund periodically during your franchise term. Any decision to terminate or resume the Brand Fund will apply to all franchisees equally. We will not terminate the Brand Fund before deciding to spend or distribute any remaining balances in the Brand Fund after payment of all expenses.

We may use the Brand Fund to pay for the cost to prepare and produce advertising materials; purchase media space or time; administer local, regional and national advertising programs; develop and operate our website and point of sale system; conduct Internet and electronic advertising promoting the System and Marks; employ advertising, public relations and media buying agencies to assist us in these activities; support public relations, market research, other advertising and marketing activities and hiring activities; updates to the POS System; and any other use we deem appropriate.

We are not required to maintain a separate account for the Brand Fund. The Brand Fund will not be held in a trust or escrow account. The Brand Fund is not a trust. We have no fiduciary obligation to you for administering the Brand Fund or for any other reason. We will not use contributions to the Brand Fund principally to develop materials and programs to solicit franchisees. Media, materials and programs prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information and process franchise leads.

Out of the Brand Fund, we may pay ourselves for the direct costs, salaries, travel expenses, administrative costs and other direct overhead we incur to administer the Brand Fund including the cost of preparing the annual accounting, expenses to collect Brand Fund Fees from delinquent franchisees, costs to develop and execute specific marketing and advertising programs (including costs for market research and production) and costs to fund the annual meeting of franchisees if we elect to hold one. In any given year, we may spend more or less than the total amount we collect for that year. We may carry-forward any Brand Fund surplus or deficit to a future fiscal period. We treat interest paid on Brand Fund balances as additional Brand Fund revenue. An unaudited accounting of the receipts and disbursements of the Brand Fund will be available on request 60 days after the end of each calendar year.

During our fiscal year ended December 31, 2018, the Brand Fund contributions we collected were used in the following manner: (i) 0.11% for production; (ii) 78.21% for media placement; and (iii) 21.68% for administrative expenses.

We may structure the Brand Fund's organization and administration in any way that we determine. We may organize or reorganize the Brand Fund into a separate entity as we deem appropriate and we may transfer all Brand Fund contributions and assets to the entity. We may require you to pay the Brand Fund contributions directly to the entity. All franchises offered pursuant to this disclosure document will be required to contribute to the Brand Fund at the same rate; however, we may negotiate different rates and payment terms as we deem necessary or appropriate.

Franchise Advisory Council

~~We recently established do not currently have a franchise advisory council that will help facilitate communication between us and SEVA franchisees with respect to the Brand Fund and how to maximize the effectiveness of the use of the Brand Fund for the System. The franchise advisory council is designed to comprise five members that are nominated and elected by our franchisees. The franchise advisory council serves in an advisory capacity only and we have the power to dissolve the council in our discretion.~~

Local Advertising Cooperative

You are not required to participate in any local advertising cooperatives.

Membership Program

We may establish a membership program (the “Membership Program”), under which certain customers will pay a monthly fee to become members (“Members”) of any SEVA Studio in the System. If we establish a Membership Program, each SEVA Studio is required to participate in and provide certain products and services we designate to Members. SEVA Studios will be compensated monthly for services rendered to Members in accordance with our then existing Membership Program guidelines.

Grand Opening

You will spend a minimum of \$1,500 to advertise and promote the grand opening of the Studio during the period commencing 1 month prior to the Studio opening and ending 1 month after the Studio opening. Before you begin initial training, you must deposit with our designated third-party supplier \$1,500 to be applied to your grand opening promotional expenses. We must approve of any grand opening advertising materials prior to your use of the materials. You may contact us during our regular business hours for advice on operational issues prior to the grand opening. If you request our assistance during the day of your grand opening, we may elect to send a representative to your Studio, or provide virtual assistance via the Studio’s computer and software systems, to assist you. We strongly recommend, but do not require, that you also spend at least 1% of Gross Sales for ongoing local advertising and promotion.

Computer System

You must purchase, use and maintain at your cost a point-of-sale (POS) system that we designate, which may change during the term of your Franchise Agreement. Currently, we require SEVA Studios to use a 3rd party, iPad-based POS system that was customized for SEVA (“POS System”). The overall POS System includes the point of sales application and software and all the peripheral hardware and software elements that in aggregate allow for the daily operation of the Studio. The peripheral hardware and software includes but is not necessarily limited to the cash drawer, receipt printer, IP camera, Bluetooth speakers, point of sale processing hardware and software, credit card processing hardware and software, membership processing hardware and software, gift card processing hardware and software, 3rd-party Software as a Service (SaaS) applications such as our Hiring, Training, Marketing and other portals, an LCD screen and other components (although purchased separately). Currently, the specified equipment includes: three iPad 4th generation (or later versions) with built-in Wi-Fi + 4G cellular service; APG Vasario-series cash drawer; Star Micronics Receipt Printer; 4, 1 remote robot, certain iPad software applications; a wireless IP security camera; Internet modem and router; Wireless Bluetooth speakers; and a 40” LCD screen TV with Internet connectivity.

The primary functions of the POS System is the daily operation of the Studio including customer check-in and check-out, day-to-day sales recording and reports and generating financial statements.

There are no contractual limitations on the frequency or cost of upgrades or changes in the computer system that we may impose. The estimated cost of the computer system at a SEVA Studio is \$2,000 to \$4,000. The estimated annual cost of any required or optional computer maintenance, updating, upgrading and support services at the SEVA Studios is \$500.

Unless stated otherwise, we require you to purchase computer hardware and software applications meeting our specifications from any approved third-party vendor. You must pay for all costs to acquire and install the equipment and software, and for ongoing maintenance of software licenses and hardware, and all upgrades that we require. Your POS System, including IP camera must always be online and accessible to clients and to us at all times. We may coordinate qualified IT technicians at your expense to maintain the operability and online connection of any component of the POS System at all times. For example, if any component of POS System such as the IP camera goes offline for an extended period (typically more than 24 hours) and you are unable to resolve the inoperability within the prescribed timeframe, we may use GeekSquad or a similar technical service to analyze and correct the problem on your behalf and at your expense. There is no limit to the number of deployments we may authorize in order to correct any deficiencies in the operation of the POS System, including but not limited to the IP camera or any other essential components of the Studio's POS System.

We will have independent access to the information generated and stored in your computer system. Nothing limits our right to access or use the data we retrieve.

Website / Intranet / Social Media

We may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of the Studio a "click through" subpage at our website for the promotion of the Studio. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of the Studio, you must routinely provide us with updated copy, photographs and news stories about the Studio suitable for posting on your "click through" subpage. We may specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at SEVA Studios – also be devoted in part to offering SEVA Studio franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not establish or create any domain names, websites, email addresses, user names, profiles, screen names, social network accounts, other online presence or presence on any electronic medium of any kind ("Online Presence") without our approval. We will own the rights to each Online Presence. You must provide us access to each such Online Presence and to take any necessary action (including signing assignment or other documents) that we request to prove our ownership of such Online Presence or to help us obtain exclusive administrative rights in such Online Presence.

You are prohibited from using the Marks and listing, marketing, advertising or otherwise promoting the Studio on or through any Online Presence, including, but not limited to Facebook, LinkedIn, Instagram, Groupon, Living Social, YouTube, Pinterest, Google, Yahoo or Twitter, without our prior written consent in each instance. However, we may require you to list and advertise the Studio on a particular online directory of our choosing.

If we approve your use of a separate website, then you (i) may not establish or use the website without our prior written consent, (ii) must obtain our prior approval of the proposed website domain name, format and visible and non-visible content in the form that we require, (iii) may not modify the website without our approval, (iv) must comply with our standards and specifications for websites as prescribed in the Operations Manual, and (v) must create hyperlinks to our website. We may revoke our approval of your website at any time.

If we approve your use of any other Online Presence, or the posting of messages or content relating to the Studio on social media platforms, you must do so only in accordance with our guidelines located in the Operations Manual. You may not post any content on any Online Presence relating to the Studio without (i) obtaining our prior written consent (which we may grant or refuse in our sole and absolute discretion) and (ii) complying with any and all restrictions, terms and conditions we impose.

Business Telephone Numbers and Listings

You must obtain a telephone number for the Studio that is not used in any other business operation and that is different from your personal telephone number. You agree that each telephone number, facsimile number, directory listing and Internet address that you use in the operation or promotion of the Studio (collectively, the “Contact Information”) will be used to identify the Studio. You are required to execute the form of Assignment of Contact Information and Online Presences attached as Exhibit D to the Franchise Agreement, which grants us with full power and control over the Contact Information and Online Presence upon termination or expiration of the Franchise Agreement.

Operating Manual

The table of contents of our Operating Manual is attached to this disclosure document as Exhibit E. Our Operating Manual consists of approximately 944 total electronic slides.

Training

Our initial training program as of the date of this Disclosure Document is as follows:

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Instruction¹	Hours of On-the-Job Training²	Location
Introduction to SEVA University	1	1	Online
Human Resources	3	1	Online
Products and Services	20	1	Online
Studio Operations	5	1	Online

Column 1 Subject	Column 2 Hours of Classroom Instruction ¹	Column 3 Hours of On-the-Job Training ²	Column 4 Location
Marketing	2	1	Online
Accounting	2	1	Online
Final Evaluation	4	4	Online
Graduation	2	1	Online
TOTALS	39	11	

1. Unless otherwise noted, the numbers in this column represent the estimated amount of time it will take you to complete the required online courses we provide through SEVA University. You will complete the online portion of SEVA University remotely.

2. Unless otherwise noted, the numbers in this column represent the time you will spend on the telephone, via online call or through a webinar with a SEVA team member.

Initial Training is conducted in an online environment via webinar. The cost of this training is included in your Initial Franchise Fee, but there may be circumstances where you will have to pay for your employed lead technician to assist with your initial training. You, if you are an individual, or your ‘Named Partner’ (if you are an entity), a manager designated by you (“Studio Manager”), and a third individual designated by you are required to complete the training to our satisfaction outlined above before you open the Studio (your Studio Manager, Named Partner and designated third individual are collectively referred to as your “Training Team”). Your Training Team must complete the training within 45 days after receiving our acceptance of your site for the Studio. Your Training Team must complete the initial training program to our satisfaction before opening during the time periods we designate. We may also suggest that your Training Team complete an internship of 1 additional day at a SEVA Studio. The need, location, time, and schedule of the internship will be mutually agreed upon by you, us and the owner of the SEVA Studio in which the internship will take place.

The training curricula, which is subject to modification at any time, is currently composed of self-guided eLearning curricula, videos, webinars, presentations and collateral materials along with course testing and examinations all of which is contained within our web-based Operating Manual. In addition, we offer proprietary methodologies of virtual hands-on evaluation to facilitate the understanding of the content. This collection of e-Learning and virtual hands-on, evaluation methodologies is referred to as SEVA University™.

Our initial training program is conducted by ~~KCatherine Steffany Flamenco Coto~~ Morazán, our Director of ~~Support as well as our Spa Operations Coaches and Franchise Support Coordinators~~ Development. Ms. ~~Flamenco Coto~~ Morazán has at least ~~32~~ 32 years’ experience in the subject matters being taught and has been with us since ~~February 2016~~ July 2014. We may make changes in our training staff as we deem necessary and advisable without prior notice.

You and your associates may be required to attend additional training meetings and refresher courses including periodic webinars, video conferences, and virtual hands-on instructional courses that may take place from time-to-time at our corporate offices, online, or at another location we designate. We may require that your lead technicians (which may include your Studio Manager) that performs services for

clients need to complete training courses. The additional training and refresher courses currently may include the requirement that you, your designated manager and your employees will be required to retake training every 6 months or as deemed necessary by SEVA to uphold our brand and service standards. We may require additional retraining at any time as we deem appropriate (such as in response to poor social media reviews and customer complaints).

ITEM 12

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 may control. You may also face competition from competing salons and spas located within the same retail location as the Studio (such as a nail salon or hair salon that offers competing services). However, we will not locate another SEVA Studio within the same retail location as the Studio.

Under the Franchise Agreement we grant you the right to operate a SEVA Studio at a specific location. You will select the site for the Studio subject to our approval and using our site submittal forms and/or criteria. The Franchise Agreement does not grant you any territorial rights beyond whatever geographic radius is listed in an exhibit to the Franchise Agreement.

You may not relocate the Studio without our prior written permission, which we can withhold for any reason. At a minimum, any proposed relocation must meet all the criteria for a new location. You do not have any options, rights of first refusal or similar rights to acquire additional franchises under the Franchise Agreement. You will not sell products or services through any other channel or method of distribution (including the Internet or any other existing or future form of electronic commerce) or to any person or entity for resale or further distribution. All such rights, whether related to products and services offered under the System and Marks or otherwise, are reserved to us.

We and our affiliates may distribute products, including products with trademarks, service marks, trade names and symbols licensed in the Franchise Agreement, through other methods of distribution, including the Internet, catalog sales or other direct marketing, and to undertake other business activities, including salon and spa and related businesses, without compensation to you or other franchisees.

There are no restrictions placed on you, us, or other franchisees from promoting, advertising, soliciting, establishing, servicing, and maintaining customers and potential customers in the communities surrounding the SEVA Studios owned by you, us, or other franchisees.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark but may do so in the future.

Neither we nor any parent or affiliate has established, other franchised or company-owned SEVA Studios which sell our proprietary products or services under a different trade name or trademark, but we may do so in the future.

ITEM 13

TRADEMARKS

The Franchise Agreement grants you the limited non-exclusive right to use the SEVA Beauty service mark, as well as other trademarks, service marks, trade names and commercial symbols we authorize, which are owned by our affiliate, SEVA Beauty IP.

The following is a description of the service mark and trademark registrations on the principal register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration Number
Take Some Face Time	February 10, 2015	4683520
Beauty To The People	April 28, 2015	4726184
SEVA	October 2, 2018	5575897
SEVA Beauty	October 9, 2018	5580891

SEVA Beauty IP has filed all required affidavits for the above Marks.

Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new products, new services, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

As discussed in Item 1, our affiliate, SEVA Beauty IP, owns the trademarks. It has filed all required affidavits and renewals for the registered Marks. We have entered into an amended and restated Trademark License Agreement with SEVA Beauty IP dated February 2, 2016 (the “License Agreement”) which grants us the right to use and sublicense to our franchisees the right to use the Marks. The term of this License Agreement is for 20 years and after that it is renewed for successive 10-year periods unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy, but such termination will not affect your rights to use the Marks.

We do not know of either superior prior rights or infringing uses that could materially affect the franchisee’s use of the Marks in the state where the franchised business will be located. You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your principal owners, including Named Partner, are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel’s opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your principal owners, including the Named Partner, are in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not have an ownership interest in any patents or copyrights that are material to the franchise although we do claim copyright ownership and protection in our Franchise Agreement, the Operating Manual, the SEVA website, SEVA University, SEVA Academy and various other manuals, videos, CD's, DVD's, eLearning content, training programs, sales promotional and other material periodically published.

Confidential Information

You must keep confidential, during and after the term of the Franchise Agreement, all trade secret and proprietary information, including but not limited to any sales techniques and procedures and processes, vendor and supplier information, pricing information, System software, POS System components and software, the contents of the Operating Manual and all subparts and related writings. Upon termination of your Franchise Agreement you must return to us all proprietary information, including but not limited to any writing relating to our sales techniques, operating procedures and processes, the Operating Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Operating Manual and related writings at your cost.

All ideas, concepts, techniques, or materials concerning the SEVA concept, 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 deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show 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

You must designate one of your owners as the "Named Partner." The Named Partner must hold at least a 25% ownership interest in the franchise or the franchise entity (if the franchise is owned by an entity) and successfully complete our initial training program (see Item 11) and any other training programs as we deem appropriate. The Named Partner must be the primary manager of the Studio and maintain full-time and active oversight over the Studio. He or she may not engage in any other business or other activity, directly or indirectly, that requires significant management responsibility or time commitments, or that may otherwise conflict with the Named Partner's obligations under the Franchise Agreement.

You must also designate a Studio Manager of the Studio. We do not require that the Studio Manager have an ownership interest in the franchise. The Named Partner may serve as the Studio Manager. The Studio Manager will exert full-time efforts to fulfill your obligations under the Franchise Agreement and will not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with your obligations under the Franchise Agreement. If the relationship of the Studio Manager with you terminates or materially changes, you must promptly designate a replacement Studio Manager, and the Named Partner must assume all the obligations of the Studio Manager during the interim period. The initial Studio Manager must successfully complete our initial training program and any other training programs as we deem appropriate before the Studio opens for business. Any replacement Studio Manager must complete our initial training program and any other training programs as we deem appropriate before engaging in any business pertaining to the Studio.

If you are a business entity, each owner, and each spouse and/or domestic partner of each owner, will be required to sign personal guarantees in the form attached to the Franchise Agreement. If you are an individual, your spouse or domestic partner will be required to sign a personal guarantee in the form attached to the Franchise Agreement.

Each franchisee, manager, and associate must sign a written agreement to maintain confidentiality of the proprietary information and trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only the products and services that we designate are part of the System. You must offer all the products and services that we designate are part of the System, and nothing else, except with our prior written approval. We may add, delete or change approved products and services that you are required to offer and there is no limit on our rights to do so. You may not sell our proprietary products to any business or other customer for resale. You must observe all applicable laws and regulations that govern your business.

If we establish the Membership Program, each SEVA Studio is required to participate in and provide certain products and services we designate to Members. SEVA Studios will be compensated monthly for services rendered to Members in accordance with our then existing Membership Program guidelines.

Except as disclosed in this Item, we do not impose any restrictions regarding the customers to whom you may sell authorized products and services.

We may determine the minimum and/or maximum prices for the goods, products and services offered by the Studio, as permitted by applicable law.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	1.03	5 years from the grand opening of the Studio.
b.	Renewal or extension of the term	1.04	If you are in good standing and meet other requirements, you can add an additional 5-year term.
c.	Requirements for you to renew or extend	1.04	You are not in default, obligations are current, sign the then current form of renewal addendum (attached as Exhibit I) and then current franchise agreement (which may contain materially different terms and conditions from your original agreement), pay renewal fee, remodel and sign release. We also look at your history of defaults/breaches when evaluating your candidacy to acquire an additional 5-year term.
d.	Termination by you	7.01	You may terminate if we materially breach the Agreement, and we fail to cure the breach within 30 days of receiving notice from you.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	7.02	We can terminate only for good cause.
g.	"Cause" defined - curable defaults	7.02(t)	You have 15 days to cure any breach of the Franchise Agreement, other than the non-curable defaults listed below, after we deliver written-notice of the failure to you.

Provision		Section in Franchise Agreement	Summary
h.	"Cause" defined - non-curable defaults	7.02	Non-curable defaults include: criminal acts, unauthorized transfer, bankruptcy or similar proceedings, abandoning or closing the Studio, disclosure of confidential information, conduct which materially impairs our trademarks, use of the Studio for any unauthorized purpose, liens, your insolvency, your repeated breaches, misrepresentation or fraud, violation of law, understated Gross Sales, loss of the Studio's premises, failing to open the Studio within the agreed period, your violation of the law, failure to achieve minimum Gross Sales, underreporting Gross Sales by 25% or more, violation of your non-compete or your non-payment of amounts due to us or our affiliates, including bounced royalty payments.
i.	Your obligations on termination/non-renewal	8	Obligations include complete de-identification, transfer of Contact Information and Online Presence, and payments of amounts due.
j.	Assignment of contract by us	6.01	No restriction on our right to assign.
k.	"Transfer" by you - defined	6.02	Includes transfer of the Franchise Agreement or assets or ownership change.
l.	Our approval of transfer by you	6.03	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	6.03	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you and then current franchise agreement signed by new franchisee.
n.	Our right of first refusal to acquire your business	6.04	We can match any offer for your business assets.
o.	Our option to purchase your business	8.02	We have the right to purchase your business assets for fair market value upon the expiration or termination of your franchise agreement.
p.	Your death or disability	6.06	Franchise must be assigned by estate to approved buyer within 6 months.
q.	Non-competition covenants during the term of the franchise	5.06	No involvement in competing or similar business. No sharing of proprietary information.
r.	Non-competition covenants after the franchise is terminated or expires	5.06	No competing business for 2 years at your former Studio location, within 10-mile radius of your Studio or within 10 miles any other SEVA Studio in operation or under construction as of the date your Franchise Agreement terminates or expires.
s.	Modification of the Franchise Agreement	11.02	No modifications generally but the contents of the Operating Manual may change.

Provision		Section in Franchise Agreement	Summary
t.	Integration/merger clause	11.02	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	10	All disputes must be arbitrated where our corporate headquarters are then located (currently Humacao, Puerto Rico) (subject to state law).
v.	Choice of forum	11.07	Litigation, if applicable, must be conducted in Chicago, Illinois (subject to state law).
w.	Choice of Law	11.06	The state in which the Studio is located (subject to state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Director of Franchise Development at SEVA Beauty LLC, 295 Palmas Inn Way, Suite #104, PMB#220, Humacao, Puerto Rico 00791, telephone 877-SEVA-BEAUTY, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2016, 2017, 2018^{1,3}

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised Outlets	2016	90	184	+94
	2017	184	185	+1
	2018	185	162	-23
Company-Owned	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	90	184²	+94
	2017	184	185	+1
	2018	185	162³	-23

1. The numbers contained in this Item 20 are as of December 31 of each calendar year.
2. As of December 31, 2018, of the 162 SEVA Studios operating, 153 were located inside Walmart locations.
3. Between January 1, 2019 and the date of this Disclosure Document, 625 SEVA Studios have closed.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor or an Affiliate)
For Years 2016, 2017, 2018¹

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2016	0
	2017	1
	2018	0
California	2016	0
	2017	3
	2018	0
Colorado	2016	0
	2017	2
	2018	1
Florida	2016	0
	2017	1
	2018	1
Georgia	2016	0
	2017	1
	2018	1
Illinois	2016	1
	2017	1
	2018	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Indiana	2016	1
	2017	0
	2018	0
Massachusetts	2016	0
	2017	1
	2018	0
Michigan	2016	1
	2017	0
	2018	0
New Jersey	2016	1
	2017	0
	2018	0
Texas	2016	2
	2017	1
	2018	0
Total	2016	6
	2017	11
	2018	3

1. The numbers contained in this table are as of December 31 of each calendar year.

Table No. 3
Status of Franchised Outlets 2016, 2017 and 2018^{1,2}

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminat ions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Alabama	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Arizona	2016	2	2	0	0	0	0	4
	2017	4	2	1	0	0	0	5
	2018	5	0	0	0	0	0	5
Arkansas	2016	0	1	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	1	0	0	0	1
California	2016	10	11	0	0	0	0	21
	2017	21	1	3	0	0	0	19
	2018	19	2	5	0	0	0	16
Colorado	2016	0	4	0	0	0	0	4
	2017	4	1	1	0	0	0	4
	2018	4	0	1	0	0	0	3
Connecticut	2016	2	0	1	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminat ions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Delaware	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	1	0	0	0	0
Florida	2016	3	7	1	0	0	0	9
	2017	9	2	1	0	0	0	10
	2018	10	0	0	1	0	0	9
Georgia	2016	5	5	0	0	0	0	10
	2017	10	3	1	0	0	0	12
	2018	12	1	0	0	0	0	13
Idaho	2016	0	1	0	0	0	0	1
	2017	1	0	1	0	0	0	0
	2018	0	0	0	0	0	0	0
Illinois	2016	28	10	0	0	0	0	38
	2017	38	2	0	0	0	0	40
	2018	40	2	1	0	0	0	41
Indiana	2016	6	4	0	0	0	0	10
	2017	10	1	0	0	0	0	11
	2018	11	0	0	0	0	0	11
Kansas	2016	0	3	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	1	0	0	0	2
Kentucky	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Louisiana	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Maryland	2016	5	4	0	1	0	0	8
	2017	8	0	0	0	0	0	8
	2018	8	0	0	0	0	0	8
Massachusetts	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Michigan	2016	1	1	0	0	0	0	2
	2017	2	0	1	0	0	0	1
	2018	1	0	0	0	0	0	1
Minnesota	2016	0	4	0	0	0	0	4
	2017	4	0	3	0	0	0	1
	2018	1	0	0	0	0	0	1
Mississippi	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Missouri	2016	0	1	0	0	0	0	1
	2017	1	0	1	0	0	0	0

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminat ions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2018	0	0	0	0	0	0	0
Nevada	2016	0	2	0	0	0	0	2
	2017	2	1	0	0	0	0	3
	2018	3	0	3	0	0	0	0
New Jersey	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
	2018	6	0	1	1	0	0	4
New York	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
North Carolina	2016	2	5	0	0	0	0	7
	2017	7	1	3	0	0	0	5
	2018	5	0	2	0	0	0	3
Ohio	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Oregon	2016	0	1	0	0	0	0	1
	2017	1	1	1	0	0	0	1
	2018	1	0	0	0	0	0	1
Pennsylvania	2016	0	2	0	0	0	0	2
	2017	2	1	0	0	0	0	3
	2018	3	0	2	0	0	0	1
Puerto Rico	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
South Carolina	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Tennessee	2016	4	5	0	0	0	0	9
	2017	9	1	1	0	0	0	9
	2018	9	0	2	0	0	0	7
Texas	2016	9	16	4	0	0	0	21
	2017	21	4	3	0	0	0	22
	2018	22	0	2	2	0	0	18
Utah	2016	0	2	0	0	0	0	2
	2017	2	1	2	0	0	0	1
	2018	1	0	1	0	0	0	0
Virginia	2016	2	4	1	0	0	0	5
	2017	5	0	1	0	0	0	4
	2018	4	0	0	0	0	0	4
Washington	2016	1	3	0	0	0	0	4
	2017	4	0	3	0	0	0	1
	2018	1	0	0	0	0	0	1
Wisconsin	2016	0	1	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminat ions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2017	1	1	0	0	0	0	2
	2018	2	0	1	0	0	0	1
Total	2016	90	103	8	1	0	0	184
	2017	184	28	27	0	0	0	185
	2018	185	5	24	4	0	0	162²

1. The numbers contained in this table are as of December 31 of each calendar year.
2. Between January 1, 2019 and the date of this Disclosure Document, 625 SEVA Studios have closed.

Table No. 4
Status of Company-Owned Outlets For
Years 2016, 2017, 2018¹

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
All States	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Total	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

1. The numbers contained in this table are as of December 31 of each calendar year.

Table No. 5
Projected Openings
As of December 31, 2018

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Open	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In The Next Fiscal Year
Arizona	1	1	0
California	2	3	0
Florida	1	1	0
Georgia	0	1	0
Illinois	2	3	0
Indiana	0	1	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Tennessee	1	2	0
Texas	1	1	0
Virginia	1	2	0
TOTAL	9	15	0

Included in this Disclosure Document as Exhibit F is a list of all operational and non-operational SEVA franchisees as of December 31, 2018. Also included on Exhibit F is a list of the names, cities and last known telephone numbers of each franchisee who had a franchise terminated, canceled or not renewed, or voluntarily or involuntarily ceased to do business under the franchise agreement through a transfer or otherwise during the most recently completed fiscal year. No franchisee has failed to communicate with us within the 10 weeks of the 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.

Confidentiality Clauses

Certain franchisees have signed confidentiality clauses during the last 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with SEVA. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Trademark-Specific Franchisee Organizations

There are no trademark-specific franchisee organizations affiliated with SEVA.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit C are our audited financial statement for the years ended December 31, 2016, December 31, 2017 and December 31, 2018.

Our fiscal year ends on December 31st.

ITEM 22

CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit D	Form of General Release
Exhibit G	State Addenda
Exhibit H	ACH Form
Exhibit I	Renewal Addendum

ITEM 23

RECEIPT

Attached as Exhibit M to this Disclosure Document are detachable receipts acknowledging your receipt of this Disclosure Document. You must sign one copy and give it to us. The other copy is for your records.

EXHIBIT A

LIST OF STATE AGENTS/AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

STATE AGENCIES/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.

CALIFORNIA

Department of Business Oversight:
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(agent for service of process)

Commissioner of Securities of the
Department of Commerce and Consumer
Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)
Business Registration Division
Securities Compliance Branch
Department of Commerce
and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

ILLINOIS

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

INDIANA

(state administrator)

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

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7117

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9582

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid Street, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9672

WASHINGTON

(state administrator)

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

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-3431

EXHIBIT B
FRANCHISE AGREEMENT



SEVA BEAUTY, LLC

Franchise Agreement

FRANCHISEE

DATE

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EXHIBITS

- A – AUTHORIZED LOCATION & OWNERSHIP INTERESTS
- B – CONFIDENTIALITY & NON-COMPETITION AGREEMENT
- C – GUARANTY AND ASSUMPTION OF OBLIGATIONS
- D – ASSIGNMENT OF CONTACT INFORMATION AND ONLINE PRESENCES

SEVA BEAUTY, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on this date _____ (the “Effective Date”) by and between SEVA Beauty, LLC, an Illinois limited liability company having its principal place of business at 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“we”, “us” or “our”) and _____, having its principal place of business at _____ (“you” or “your”).

RECITALS

A. We have developed a brand, business system, concept, methodology and format to provide fast-casual esthetic spa services and products within distinctive retail environments to the general public (“System”) identified by the SEVA and SEVA Beauty service marks and other trademarks and service marks licensed by us. The System includes, but is not limited to: store design, layout and fixture schemes, advertising, merchandising, purchasing and sales techniques, customer and community relations, operations policies and procedures, and training programs.

B. Our affiliate owns the rights to the name SEVA and certain trademarks, service marks, and trade names which will be used in connection with the business contemplated by this Agreement (“Marks”).

C. We have the right to promote and use the System and Marks and the right to authorize others, including franchisees, to promote and use the System and Marks.

D. We grant licenses for the right to develop and operate a SEVA Studio at a designated location using our System and Marks (a “SEVA Studio”).

E. You have applied for one SEVA Franchise (“Franchise”) to operate a SEVA Studio (the “Studio”), pursuant to the terms and conditions of this Agreement. We have approved your application in reliance on your representations that you represented that you have the financial capacity, organizational ability, marketing experience, health, facilities and interest to promote the image and goodwill of the Marks and the System, and the desire and commitment to meet the standards of performance in areas such as sales, promotion, personnel, training, financing, payment of obligations and other areas set forth in this Agreement.

F. You have had a full and adequate opportunity to be advised thoroughly of the terms and conditions of this Agreement by legal counsel and other advisors, and have had sufficient opportunity to evaluate and investigate the System, the financial investment requirements, and the business risks associated with owning and operating a SEVA Studio.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the delivery, receipt, and sufficiency of which are hereby acknowledged; and according to the terms, conditions, promises, warranties, and representations found in this Agreement, the parties mutually agree as follows:

1. GRANT, TERM, AND RENEWAL OF FRANCHISE

1.01 Grant and Acceptance.

We hereby grant to you, subject to the terms and conditions of this Agreement, the non-exclusive right and license to open and operate the Studio which shall be located at the Authorized Location (“Authorized Location”) indicated on Exhibit A. If the Authorized Location has not been determined as of the Effective Date, the Authorized Location shall be the site selected in accordance with Section 3.01 of this Agreement.

You accept the license and undertake the obligation to operate the Studio faithfully, honestly and diligently, using the System in compliance with our standards and requirements for the System and this Agreement. You may not open the Studio until you successfully complete our training program and we have approved the opening. You must open the Studio on the construction completion date, provided that you have received our approval, or such other date designated by us.

We will not locate another SEVA Studio within the Authorized Location. However, you acknowledge and agree that you may face competition from within the same retail environment where the Studio is located. For example, there may be other non-SEVA nail or hair salons offering some of the same services that you will be offering.

1.02 Reservation of Rights

You receive no exclusive territory or area rights. Except for our agreement to not locate another SEVA Studio in your Authorized Location, we reserve all other rights, including, without limitation, the following:

- (a) the right to operate and grant others the right to operate other SEVA Studios at any location, regardless of the proximity to your Authorized Location, and on such conditions as we deem appropriate;
- (b) the right to engage in wholesale operations;
- (c) the right to distribute or license the manufacture or distribution of products, regardless of whether such products are authorized for SEVA Studios, under the Marks, through other channels of distribution, including catalog and internet sales;
- (d) the right to develop, operate and franchise similar or dissimilar systems, under trademarks, service marks and commercial symbols other than the Marks, without offering them to you; and
- (e) the right to acquire, be acquired by or merge with franchisors or non-franchisors that operate in competitive or similar lines of business to SEVA Studios.

1.03 Term

This Agreement shall become effective on the Effective Date and shall continue for a term of five (5) years from the grand opening of the Studio (the “**Term**”).

1.04 Renewal

At the end of the Term, you may request that we renew your Franchise for an additional period of 5 years. In order to renew, you must meet all of the following conditions:

(a) you give SEVA written notice of renewal not less than 90 days, nor more than 180 days, before the expiration of the Term;

(b) you sign our then-current form of franchise agreement, the terms of which may differ from this Agreement, including higher fees (certain terms of the franchise agreement also may be modified to reflect that the agreement is for a renewal term);

(c) you update and upgrade the Studio to our satisfaction at the time of renewal, including the adoption and implementation of new methods, programs and techniques for the SEVA Studios;

(d) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, and you have been in substantial compliance with the terms and conditions of this Agreement during the initial Term;

(e) you have provided written proof of your ability to remain in possession of the Studio premises throughout the renewal;

(f) you comply with our then-current franchise qualification standards and training requirements;

(g) you pay to us a renewal fee equal to 25% of the then-current Initial Franchise Fee; and

(h) you and your owners execute a general release of claims in a form we prescribe.

We will give you written notice not more than 30 days after we receive your notice, of our decision whether to grant you a successor franchise, including a description of any existing deficiencies that must be corrected as a condition of receiving the successor Franchise.

1.05 Relocation

You may only operate the Studio at the Authorized Location. You may not relocate the Studio, except with our prior written consent.

1.06 Ownership

If you are entity, you represent that Exhibit A lists all of your owners.

2. FINANCIAL OBLIGATIONS

2.01 Initial Franchise Fee

You must pay us an initial franchise fee ("Franchise Fee") of \$25,000. The Franchise Fee must be paid to us when you sign this Agreement. The Franchise Fee is fully earned upon receipt and is not refundable under any circumstances.

2.02 Royalty Payments

(a) On or before Tuesday of each week, you must submit to us (i) a report of your Gross Sales for the preceding calendar week, and (ii) a royalty fee ("Royalty Fee") equal to 6% of Gross Sales for the prior calendar week. The Royalty Fee must be available for electronic transfer into our account on the due date. If you fail to timely report your Gross Sales to us, we will be entitled to withdraw \$500 from your

account as an “Estimated Royalty Fee.” An adjustment between the Estimated Royalty Fee and the actual Royalty Fee owed will be made as soon as the missing report is delivered to us.

(b) “Gross Sales” means the receipts from all business conducted upon, from or through the Studio together with the amount of all orders taken or received at the Studio’s premises. Gross Sales do not include the amount of any sales tax, use, or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers, provided that the amount thereof is added to the selling price or absorbed therein, and paid by you to such governmental authority. Further, Gross Sales do not include sales of merchandise for which cash has been refunded, and there shall be deducted from Gross Sales the price of merchandise returned by customers for exchange provided that the price of the merchandise returned was originally included in Gross Sales and provided also that the sales price of merchandise delivered to the customer in exchange shall be included in Gross Sales.

2.03 Brand Fund

(a) You must contribute to the Brand Fund (the “Brand Fund”). You agree to pay us or our designee, via electronic transfer, by Tuesday of each week, a Brand Fund Fee (“Brand Fund Fee”) equal to the percentage of Gross Sales for the preceding calendar week that we specify, up to a maximum of 2%. If you fail to timely report your Gross Sales to us, we shall be entitled to withdraw \$500 from your account as an “Estimated Brand Fund Fee.” An adjustment between the Estimated Brand Fund Fee and the actual Brand Fund Fee owed will be made as soon as the missing report is delivered to us. We will provide you with not less than 30 days’ prior written notice of our intent to change the full amount of the Brand Fund Fee.

(b) We, or our designee, will direct all advertising and marketing programs and have the right to make all decisions over all creative concepts, materials and endorsements, website development and the geographic, market and media placement of all programs. We do not promise that we or our designee will spend the Brand Fund in any given geographic region or that the benefits you receive will be in proportion to your contributions. We are not required to spend any amount on advertising in your geographic area. We, or our designee, may terminate, and resume, the Brand Fund periodically during the Term of this Agreement. We, or our designee, may use the Brand Fund contributions and fees as we determine in our or its sole discretion, including, without limitation, to: create, produce and distribute advertising materials; purchase media space or time; administer local, regional and national advertising programs; develop, implement, enhance and operate our website and point of sale systems, software systems and various modules; enhancing the SEVA System and Marks; conduct market research; employ advertising, public relations and media buying agencies to assist us in these activities; support public relations, market research, other advertising and marketing activities and hiring activities; and create, produce, develop, implement and enhance our website, point of sale systems, and software systems.

We are not required to maintain a separate account for the Brand Fund. The Brand Fund will not be held in a trust or escrow account. The Brand Fund is not a trust. We have no fiduciary obligation to you, including in connection with administering the Brand Fund or for any other reason. We will not use contributions to the Brand Fund principally to develop materials and programs to solicit franchisees; however, media, materials and programs prepared using Brand Fund contributions may describe our franchise program and reference the availability of franchises and related information. Brand Fund contributions may also be used to process franchise leads. We will make available, upon your reasonable written request, an unaudited accounting of the Brand Fund receipts and disbursements for the previous calendar year on or after the date that is 120 days after the end of such calendar year.

Without limiting our sole discretion over Brand Fund expenditures, you hereby acknowledge and agree that out of the Brand Fund, we, or our designee, may pay ourselves (or itself) for the direct costs, salaries, travel

expenses, administrative costs and other direct overhead we (or it) incur(s) to administer the Brand Fund, including the cost of preparing the annual accounting, expenses to collect Brand Fund Fees from delinquent franchisees, costs to develop and execute specific marketing and advertising programs (including costs for market research and production) and costs to fund the annual meeting of franchisees if we elect to hold one. Brand Fund Fees may also be used to pay for accounting, bookkeeping, reporting, legal and other expenses incurred in administering the Brand Fund and for any taxes incurred on the Brand Fund. In any given year, we may spend more or less than the total amount we collect for that year. We may carry-forward any Brand Fund surplus or deficit to a future fiscal period. We may treat interest paid on Brand Fund balances as additional Brand Fund revenue.

We may structure the Brand Fund's organization and administration in any way that we determine. We may organize or reorganize the Brand Fund into a separate entity as we deem appropriate and we may transfer all Brand Fund contributions and assets to the entity. We may require you to pay the Brand Fund contributions directly to the entity.

2.04 Advertising Requirement and Funding

(a) Grand Opening. You must spend at minimum \$1,500 to advertise and promote the grand opening of the Studio during the period commencing one month prior to the Studio opening and ending one month after Studio opening. We must approve of any grand opening advertising materials prior to your use of the materials. Before you begin initial training you must deposit with our designated third party supplier \$1,500 to be applied to your grand opening promotional expenses.

(b) Ongoing Advertising. You acknowledge that the regular, consistent advertising and promotion of your SEVA Studio is an essential requirement for your success. Accordingly, we strongly recommend that you spend (in addition to the Brand Fund Fee described above) at least 1% of Gross Sales for advertising and promotion.

2.05 Late Fees and Interest

(a) Late Fees and Bounced Payments: In the event that you fail to report your Gross Sales by the first day of any calendar week or if there are insufficient funds for us to debit your account, you must pay a late fee of \$100 per instance. For each failure to submit other reports, files, backups, surveys, questionnaires, etc., (whether in verbal, written, printed, electronic, or other form) at the time and in the manner reasonably requested by us, you must also pay to us a late fee of \$100. Late fees will be paid to SEVA by electronic fund transfers through a service provider SEVA designates, on the day after such payment or item is due.

(b) Interest: Unpaid Royalty Fees, Brand Fund Fees, Advertising Fund Fees, late fees or other sums due and owing to us and our affiliates shall bear interest on the unpaid balance at the rate of 18% per annum of balance due, or the highest rate allowed by law in the state in which the Studio is located, whichever is higher, but not less than a total of \$100. We may apply and allocate payments received from you for sums due and owing to us, our affiliates and the Brand Fund as we deem appropriate.

2.06 Other Fees.

(a) Inoperative Equipment. We may charge you a \$100 per day fee for any time period during which equipment we deem important to the Studio (including cameras) is inoperative.

(b) Convention or Franchisee Meeting Fees. You must attend any and all meetings we designate as mandatory, which may include semi-annual meetings (whether regional or national), and annual

meetings. You shall pay to us or our designee all required registration fees in the amount we specify, not to exceed \$1,000 per registration fee.

(c) Opening Inventory. You may be required to purchase an opening inventory package from us that includes certain products and supplies to operate your Studio. The purchases and payments for opening inventory are not refundable under any circumstances.

(d) Third Party Costs. As part of the System, we may require you to engage the services or purchase the products of a third-party vendor, and we may require to you make the payment for such services or products to us, which we will use to pay the vendor.

2.07 Taxes

You must promptly pay to us an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipts taxes, taxes on Royalty Fees or any similar taxes or levies imposed upon or required to be collected or paid by us by reason of the furnishing of products, intangible property (including trademarks or trade names) or services by us to you through the sale, license or lease of property or property rights provided by this Agreement.

2.08 Method of Payment

You must make all payments due under this Agreement in the manner we designate and you agree to comply with all of our payment instructions. You hereby authorize our designated billing and payment processor to deduct from any monies it collects on your behalf all amounts due under this Agreement and to pay those amounts to us or to our affiliates on the due date of such amounts.

Notwithstanding the foregoing, we reserve the right to require you to pay all amounts due under this Agreement by direct debit, and you hereby authorize us and/or any third party we designate to debit your business checking account automatically for any or all amounts due under this Agreement (the "EFT Authorization"). You agree to execute and deliver to us any document(s) we require to evidence the EFT Authorization. The EFT Authorization will remain in full force and effect during the term of this Agreement. We or our designee will debit the business account you designate in the EFT 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 agree to ensure that funds are available in your designated account to cover our withdrawals.

3. ESTABLISHMENT OF BUSINESS

3.01 Site Selection

You must locate, obtain and occupy the site for the Studio, on your own initiative and at your own expense. However, we may require that you, at your sole cost and expense, exclusively use real estate agents designated by us when pursuing potential sites. You must advise us in writing of your proposed site and you must submit to us a complete site report (containing demographic, commercial and other information we may reasonably require). Our prior acceptance is required in writing. The site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other SEVA Studios), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will accept or reject your proposed site within 30 days after we receive all of the materials you are required to provide to us. Our acceptance of a site will be by delivery of written notice to you. If you do not receive a written notice of acceptance within 30 days after receipt of the requisite materials to accept or reject a proposed site, your proposed site is considered rejected. You must obtain our acceptance of a site within 90 days following the date you sign this Agreement. If you do not secure an accepted site within this time period, we have the right to terminate this Agreement.

You acknowledge and agree that our acceptance of the site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a SEVA Studio or any other purpose. Our acceptance of the site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible if the site fails to meet your or our expectations.

3.02 Lease of Site

You agree to obtain our written acceptance of the Studio's proposed site before signing any lease or other document for the site. You must deliver an executed lease that provides you the right to operate the Studio in accordance with the System Standards at the accepted site within ninety (90) days of the Effective Date, or we may terminate this Agreement.

3.03 Construction and Development

(a) You must participate in our Spa-in-a-Box program. Under this program, we and/or our designated suppliers will help you coordinate the design, general contracting work, furniture, equipment, technology, supplies, signage, uniforms, and initial inventory of cosmetics and beauty supplies for the Studio. Some of the suppliers in the "Spa-in-a-Box" program are mandated, but for some aspects you may select among multiple approved suppliers or select your own supplier. We may require, however, at your sole cost and expense, that you use only our designated suppliers in connection with the Spa-in-a-Box program. You must at all times cooperate and assist us and the vendors and suppliers. You are responsible for paying all fees, costs and expenses due to vendors and suppliers in connection with the Spa-in-a-Box program, including payment of the Spa-in-a-Box fee, in a timely manner.

(b) We may require you to purchase some or all fixtures, furniture, equipment, technology, supplies, signage, uniforms, inventory, and other items necessary to open the Studio from or through us, our affiliate, and/or our designated or approved suppliers.

(c) If we permit you (in our sole discretion) to coordinate the design and development of the Studio in lieu of participating in the Spa-in-a-Box program, then we will provide you a fixture list, a supply list, and an equipment list, which shall describe the number, type and configuration of the fixtures, equipment, and supplies that you must purchase and install or use in the Studio.

(d) The following provisions apply to the construction of the Studio:

(i) A registered architect or draftsman must prepare plans and specifications for constructing, remodeling, or decorating the premises and which comply with all federal, state, and local regulations including health, sanitation, sign, utility, and building codes;

(ii) A licensed general contractor must file plans and construct, remodel, or decorate the premises according to the plans and specifications in a professional and first-class workmanlike manner; and

(iii) You must purchase or lease and install all fixtures, equipment, carpet, signage, and other items identified in the Operating Manual, or otherwise necessary for the operation of the Studio.

3.04 Initial Franchisee and Manager Training

Prior to opening the Studio to offer services or products to the public:

(a) You must designate a qualified “Studio Manager” (as defined in Section 4.09) who shall be responsible for the day-to-day operations of the Studio, in accordance with Section 4.09. If we approve, you (or your Named Partner) may be the Studio Manager.

(b) Your Named Partner (as defined in Section 4.09) and your Studio Manager are to complete our initial training program to our satisfaction within 45 days after we accept your site for the Studio. You must designate a third person to attend initial training as well. There is no charge for training for your Studio Manager, Named Partner (if applicable) and your designated third person for training, but there may be circumstances where you will have to pay for your employed lead technician to assist you with training. We charge One Thousand Dollars (\$1,000) per person to train additional people from your organization. Training is conducted in a virtual online environment and at such times as we designate; provided, however, we may require that your Named Partner and Studio Manager conduct an on-site visit at an existing Studio as part of our initial training program and prior to opening your Studio. You will be required for all travel expenses associated with any such on-site visit.

3.05 Approval To Open

You may not open the Studio to the public until you have satisfied all of our pre-opening requirements specified in the Operations Manual or elsewhere by us, which requirements include, without limitation, that you:

(a) complete our required training and certification of your Named Partner and your Studio Manager;

(b) obtain and provide proof of required insurance;

(c) complete all construction and development;

- (d) obtain all required governmental permits;
- (e) hire and train the required staff;
- (f) purchase and display required inventory;
- (g) prepare and implement your grand opening marketing plan;
- (h) pay all amounts due to us and our designated and approved vendors; and
- (i) receive our written approval to open (which will not be unreasonably withheld).

3.06 Pre-Opening Operational Assistance

You may contact us during our regular business hours for advice on operational issues prior to the grand opening. If you request our assistance during the day of your grand opening, we may, at our sole discretion, send a representative to your Studio, or provide virtual assistance via the Studio's computer and software systems, to assist you.

3.07 Financing; Maximum Borrowing Limits; Liquidity

You must, at all times, maintain sufficient working capital as necessary and appropriate to comply with your obligations under this Agreement. On our request, you will provide us with evidence of available working capital. We reserve the right, from time to time, to establish certain levels of working capital reserves, and you will comply with such requirements. We may from time to time designate the maximum amount of debt that the Studio may service, and you will ensure that you will comply with such limits. Any debt financing used to fund the development of the Studio is subject to our prior written-approval. We are under no obligation to subordinate any of our rights to a Studio, but if we do, it will be subject to executing a general release. While we may allow the Assets (as defined in Section 8.02) to be used as collateral to secure third-party financing, we are not required to, and will not, allow the franchise and license rights to be used as collateral.

3.08 Opening Timeline

You must open the Studio to the public within the earlier of (i) 90 days after you are delivered possession of the Studio's premises; or (ii) 365 days after the Effective Date (the "Opening Deadline"). TIME IS OF THE ESSENCE. If you fail to open the Studio on or before the Opening Deadline, we have the right to immediately terminate this Agreement.

4. OPERATIONS AND PROCEDURES

4.01 Operations Manual; System Standards

(a) To help protect our reputation and goodwill and to maintain uniform operating standards under the Marks, we will make 1 copy of our manual available to you for the operation of the Studio, which may include other manuals, proprietary software or computer data files created for use in the operation of a SEVA Studio (the "Operations Manual"). The Operations Manual contains mandatory specifications, standards, operating procedures and rules that we periodically prescribe ("System Standards"), suggested procedures and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. If there is a dispute over its contents, our master copy of the Operations Manual shall control. Any required standards exist to protect our interest in the

System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you.

(b) You acknowledge that the appearance of and operating processes used by SEVA Studios may evolve over time and that, therefore, we may, in our sole discretion, change the policies and procedures contained in the Operations Manuals throughout the Term. You will immediately adopt all revisions to the System Standards except that, if we determine that a particular revision either is not, or by its nature required to be made immediately or requires significant expenditures, we will allow a reasonable time, not to exceed 30 days after you receive notice of the revision, to complete the implementation of such revision.

(c) You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. You agree to keep the Operations Manual confidential and only provide access to employees we approve. If we elect to post some or all of the Operations Manual on a restricted website or intranet to which you have access, you agree to monitor and access the website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a website or intranet will be deemed to be part of our Proprietary Information (as defined in Section 5.05).

4.02 Products and Services; Vendors and Supplies

You may market and sell to customers only the products and services that we have approved in writing (collectively, “Products and Services”). These Products and Services must meet standards and specifications prescribed by us, which we may modify from time to time. You must conform to all quality and customer service standards we prescribe in writing. You must offer all Products and Services that we require. You may not sell any of our proprietary products to any business or other customer for resale.

Unless we otherwise specify in writing, you must use approved vendors and supplies for all services and products that we determine meet our standards and specifications of quality required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and our business (“Approved Suppliers”). Approved Suppliers are companies that are approved for a specific service or product they provide. You must comply with all billing and service provision policies of Approved Suppliers. You acknowledge that we may designate a single vendor or source of supply, and that we and/or an affiliate may be that vendor/source. We also may have a single designated vendor for certain services. You will pay the then-current price in effect for products and services that you are required to purchase from us or a designated vendor, and the cost to you for these products and services may be higher than comparable products and services on the market.

We and our affiliates reserve the right to derive revenue and other material consideration, including through mark-ups and rebates, on account of your and/or other franchisees’ purchases and leases. We may also derive revenue on account of your and other franchisee purchases from us, our affiliates and any other supplier without limitation. The amount of the mark-up, pricing and/or rebates for required and/or permissible purchases is subject to our sole discretion.

ALTHOUGH APPROVED AND/OR SUPPLIED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED OR REQUIRED PURCHASES OR LEASES. WE WILL, HOWEVER, PASS THROUGH ANY APPLICABLE MANUFACTURER WARRANTIES ON PRODUCTS AND SERVICES THAT YOU

PURCHASE FROM US, SUBJECT TO ALL WARRANTY TERMS AND CONDITIONS IMPOSED BY THE MANUFACTURER.

4.03 Continuous Operation of Business.

After you open the Studio, you, or if you are an entity, your Named Partner (as defined in Section 4.09), must operate the Studio on a full-time basis for the duration of the Term. You do not have the right cease doing business before the end of the Term.

4.04 Meetings

You must continuously train, study, and learn more about the industry, the characteristics of your market, and customers. In the future, we may hold an annual meeting (“Annual Meeting”) and/or regional meetings (“Regional Meetings”) for our franchisees. You will be notified in advance of any such meetings. We may invest significant time, effort, and money in the development and presentation of our Annual Meeting and Regional Meetings and active participation in these meetings aims to improve the Studio’s performance by sharpening your retail skills and providing networking with other Studio owners. Accordingly, if you are notified of any Annual or Regional Meeting, you agree to:

(a) Attend, at your expense, the Annual Meeting at the location and during the time of our choosing for up to five days each year. We reserve the right to change an attendance fee for the Annual Meeting and to impose a fee of up to \$1,000 for failure to attend (or charge you the attendance fee regardless of attendance).

(b) Attend, at your expense, at least one Regional Meeting at a location and during a time of our choosing for up to three (3) days each year. There shall be no additional charge for the training conducted by us at the Regional Meetings.

4.05 Compliance with Law

You must at all times operate the Studio in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Studio. You acknowledge that you are an independent business and are solely responsible for control and management of the Studio, including such matters as hiring and discharging your employees. You acknowledge that we have no power, responsibility or liability with respect to employee relations issues including hiring, discharge and discipline, and related matters. You are responsible and will assume liability for all hiring decisions and compliance with all applicable federal and state employment practices, including, but not limited to, overtime pay requirements and OSHA training,

You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations (including, without limitation, government regulations relating to truth in lending, companion care, safety and sanitation, home and personal care, truth in advertising, occupational hazards, health and anti-discrimination laws), Executive Orders or otherwise relating to 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 the Studio as may be required by us or by law. You confirm that you 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 4.17 pertain to your obligations hereunder.

The Studio must in all dealings with its members, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other SEVA Studios. You must notify us in writing within five (5) days of the threat or commencement of (i) any action, suit or proceeding, and 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 of the Studio; and (ii) any notice of violation of any law, ordinance, or regulation relating to the Studio.

4.06 Online Presence

You must participate in our website and no other website related to the Studio. We also may require you, at your expense, to participate in our intranet system. We have the right to determine the content and use of any website and our intranet system and will establish the rules under which franchisees may participate. You must not establish or create any domain names, websites, email addresses, user names, profiles, screen names, social network accounts, other online presence, or presence on any electronic medium of any kind (“Online Presence”) unless approved by us in writing. We will own the rights to each Online Presence, including our intranet system. 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 administrative rights in such Online Presence.

We also reserve the right to require you, at your expense, to list and advertise your Studio with the online directories we periodically prescribe (such as Yelp® and Google®) or establish any other Online Presence we require, each in accordance with our System Standards.

If we approve, in writing, a separate website for you, then: (i) you will not establish or use the website without our prior written approval; (ii) before establishing the website, you shall submit to us, for our prior written approval, a sample of the proposed website domain name, format, visible content (including proposed screenshots), and non-visible content (including metatags) in the form and manner we may require; (iii) you shall not use or modify such website without our prior written approval as to such proposed use or modification; (iv) you shall comply with our standards and specifications for websites as prescribed by us from time to time in the Operations Manual or otherwise in writing; (v) you will establish such hyperlinks to our website and others as we may require in the Operations Manual or otherwise in writing; and (vi) we may revoke our approval at any time and require that you discontinue use of a separate website.

If we approve, in writing, the use of any Online Presence (including on any social media platforms, such as Facebook®, LinkedIn®, Instagram®, or Twitter®) in the operation of the Studio, or the posting of messages relating to the Studio (including blogs, video-sharing sites and virtual worlds), you will do so only in accordance with our guidelines set forth in the Operations Manual or otherwise in writing. We reserve the right to require our prior written approval of any messages you compose for an Online Presence before you post such message or commentary.

In the event that you use or download any unauthorized software, you will be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge that certain information obtained through your participation in our website and our intranet system may be considered Proprietary Information, including access codes and identification codes. Your right to participate in our website and our intranet system or otherwise use the Marks or System in connection with any Online Presence will terminate when this Agreement expires or terminates.

4.07 Pricing Policies; Memberships

(a) Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for Products and Services offered by the Studio. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

(b) We may establish a membership program (the “Membership Program”), under which certain customers will pay a monthly fee to become members (“Members”) of any Studio in the System. In the event we establish a Membership Program, the Studio will be required to participate in and provide certain Products and Services we designate to Members. The Studio will be compensated monthly for services rendered to Members in accordance with our then existing Membership Program guidelines. You must ensure that every membership agreement you use complies with all System standards and all applicable laws and regulations.

(c) We reserve the right to sell, directly, through an affiliate, and/or through a third party, the Membership Program and other fee arrangements or packages we designate (i) to national, regional, and local organizations and accounts, and (ii) to individuals via the internet, mobile applications, call center, or other existing or future developed marketing systems. We may receive fees and payments for such sales. You shall participate in, and comply with the terms, rules and regulations we designate for each such program. We and/or our designee have the unrestricted right to retain certain fees from any customer. If you receive an inquiry regarding a group account which would reasonably be expected to be serviced by two or more Studios, you must forward the inquiry to us.

(d) You shall fully honor all gift cards that are in the form provided or approved by us regardless of whether a gift card was issued by you or another Studio. You shall sell, issue, and redeem (without any offset against any Royalty Fees) gift cards in accordance with procedures and policies specified by us in the Operations Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for gift cards issued by other Studios and for making timely payment to us, other operators of Studios, or a third-party service provider for gift cards issued from the Studio that are honored by us or other Studio operators.

4.08 Promotion

You agree to conduct your business ethically, in good faith, and in a manner that will promote good relations with your customers and the community. You agree to use your best efforts to promote, advertise, solicit to, establish, maintain and service customers for the Studio. You shall accurately and truthfully characterize, promote and market the services and products sold in the manner designated by us, and shall not make any representations, statements, warranties or guarantees in conflict therewith or in addition thereto. In the event that you make representations, statements, warranties, or guarantees in conflict with or in addition to those set forth by us in the Operations Manual or in other communications, you shall be solely responsible for the resulting liability and shall reimburse and hold us harmless for any losses, costs, expenses, attorneys’ fees or other liabilities incurred by us as a result thereof.

You shall use the marketing, advertising, and promotional materials, tools and services prepared and/or furnished by us to promote the Studio. They may include designs for business cards, envelopes, letterhead, bags, ads, posters, in-store signs, window displays, banners, radio and television spots and miscellaneous point-of-sale items. You will receive one copy or facsimile of a copy or item at no charge. For additional copies you must pay duplication costs. These materials, tools and services shall be developed and produced by our in-house advertising department, or by a local, regional or national advertising agency with which we, in our sole determination, may contract.

If you wish to use marketing, advertising, and promotional materials, tools and services that are not furnished by us, you must first submit such items to us, and receive our written approval before using them. If we do not approve of the materials within 30 days of our receipt of such materials, then they shall be deemed disapproved. You also agree to pay all costs, including production, of any marketing, advertising, and promotional materials, tools, and services that are not furnished by us.

4.09 Management

You must designate one of your owners as the “Named Partner.” The Named Partner must hold at least a 25% ownership interest in the Franchise or the franchise entity (if the franchise is owned by an entity) and successfully complete our initial training program (see Item 11) and any other training programs as we deem appropriate. The Named Partner must be the primary manager of the Studio. He or she may not engage in any other business or other activity, directly or indirectly, that requires significant management responsibility or time commitments, or that may otherwise conflict with the Named Partner’s obligations under the Franchise Agreement. The Named Partner will continuously exert best efforts to promote and enhance the Studio and the goodwill associated with the Marks.

You must also designate a “Studio Manager” of the Studio. The Named Partner may serve as the Studio Manager but we do not require that the Studio Manager have an ownership interest in the Franchise. The Studio Manager will exert full-time efforts to fulfill your obligations under the Franchise Agreement and will not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with your obligations under the Franchise Agreement. If the relationship of the Studio Manager with you terminates or materially changes, you agree to promptly designate a replacement Studio Manager, and the Named Partner must assume all of the obligations of the Studio Manager during the interim period. The initial Studio Manager must successfully complete our initial training program and any other training programs as we deem appropriate before the Studio opens for business. Any replacement Studio Manager must complete our initial training program and any other training programs as we deem appropriate before engaging in any business pertaining to the Studio.

4.10 Staff

You must employ and train sufficient number of competent staff who are familiar with, or who are capable and willing to become familiar with the features and advantages of the Products and Services, and can effectively demonstrate and explain such features and advantages to potential customers and vendors. You must require that your staff (i) attend and complete training sessions provided by you in accordance with training standards and procedures prescribed by us from time to time and (ii) attend and complete training sessions provided by us or our designees, if any, at such times and places and for such duration as we determine. You shall not allow employees to provide services to the public unless they have completed such training as we may require and been certified by us. We may charge fees for any training. You agree that all staff must comply with all applicable state licensing laws and observe the highest standards of

professionalism, prompt service, and courtesy to existing and potential customers and vendors, and shall be attired as designated in the Operations Manual.

You must enter into a written agreement with each of your staff members which:

- (a) prohibits each from selling or promoting the sale of products and services other than those approved by us; and
- (b) prohibits them from divulging any trade secrets, and requires that they keep confidential all proprietary information and marketing information, including the Operations Manual, as defined by this Agreement, and comply with the terms of the covenant not to compete.

4.11 Franchise Advisory Council

In the event we form an Advisory Council (“Advisory Council”), which will consist of representatives we approve, you agree to be a participating member of the Advisory Council upon our request. The Advisory Council will help facilitate communication between us and franchisees with respect to the Brand Fund and how to maximize the effectiveness of the use of the Brand Fund for the SEVA System. However, the Advisory Council serves in an advisory capacity only and has no decision-making authority.

4.12 Reports, Records, Bookkeeping and Financial Statements

You must promptly and accurately complete such reports, forms, and establish a bookkeeping, accounting and record system as may be prescribed by us in the Operations Manual or elsewhere in writing, and shall deliver all such reports, forms, and records to us in the manner and to the places specified by us. You agree to utilize the reporting periods and methods prescribed by us in reporting financial and other information, and specifically agree to report to us:

- (a) all operational, financial, inventory, or sales, marketing, or other information requested by us from time to time. You specifically grant to us independent access to such data or information in such manner (including remote electronic access) at any time we reasonably request; and
- (b) such other financial reports and other reports required by us.

You must prepare all financial reports in accordance with generally accepted accounting principles, consistently applied, and in a form approved by us. You must use the chart of accounts we prescribe. You must periodically deliver to us accounting, tax and other information (or copies of documents), as we request including a monthly financial statement with profit and loss and balance sheet delivered to us within 10 days after each month. You will provide us with a copy of your annual financial statements including a profit and loss statement and a balance sheet. Such annual statements will be prepared in accordance with generally accepted accounting principles, consistently applied, and be delivered to us within 90 days after your fiscal year end.

4.13 Inspections

In order to assist you in maintaining the standards of operation established by us and to insure your compliance with this Agreement, you grant us and our representatives, the right at any time and without prior notice to you to inspect the Studio, the offices, places of business and assets, and all business records, including, but not limited to, sales reports, billings, account records, customer lists, potential customer lists, financial statements, tax returns, purchase orders, invoices, payroll records, check stubs, tax records and other records and documents of all types, to take a physical inventory of the assets of the Studio, and to inspect the

point of sale, computer and software systems, security configurations, connectivity and data access utilized by the Studio. Such inspections may be conducted by a virtual walkthrough utilizing the Studio's iPad, IP camera or other devices. You shall comply with and accommodate a virtual inspection if such inspection is requested by SEVA. Inspections shall be made at our expense; provided that if we are required to make two inspections in connection with your failure to comply with this Agreement, we have the right to charge you for the costs of making all further inspections in connection with such failure to comply, including, without limitation, the charges of any independent certified public accountants and the travel expenses, room, board and compensation of us, our agents and other representatives involved therewith.

4.14 Audits

We or our representatives have the right to audit and copy or cause to be audited or copied all business records, including, but not limited to, sales reports, inventory records, other reports, customer lists, potential customer lists, financial statements, tax returns, purchase orders, invoices, payroll records, check stubs, tax records, reports, statements and returns required, and other records and documents of all types. For this purpose, all such business records (including state and local sales tax reports and federal, state, and local income tax returns) shall be made available to us or our representatives upon request. In the event any such audit discloses an understatement of your Gross Sales for any period or periods, you shall pay to us within 2 days after receipt of the audit report, all amounts due plus late fees and interest due thereon. In the event that such understatement for any period or periods shall be 3% or more of your Gross Sales for such period or periods, you shall reimburse us for the cost of the audit, including all charges of any independent certified public accountants and the travel expenses, room, board and compensation of us and our representatives involved therewith. In the event that such understatement for any period shall exceed 25% or more of your Gross Sales, we may immediately terminate this Agreement under Section 7.02(m) below.

4.15 Payment of Obligations

You will pay promptly when due and be responsible for all expenses, costs, taxes, licenses, accounts payable, and indebtedness of any kind incurred or suffered by you in the conduct of the Studio including, without limitation, business expenses related to: living, relocating, traveling, entertaining, clothing, marketing, advertising, administration, operations, utilities, rent, insurance, associates, employees, benefits, law, accounting, computers, and other obligations of indebtedness.

4.16 Insurance

You must obtain and maintain, at your own expense, insurance coverage that we specify in the Operating Manual or otherwise in writing. We may regulate the types, amounts, terms and conditions of insurance coverage required for the Studio, and standards for underwriters of policies providing required insurance coverage.

We prescribe the types and minimum insurance coverage that you must carry. You need to evaluate if your business will require greater coverage or other types of insurance. You also may need different types or additional insurance if required by the lease. All liability policies must name us and our affiliates as additional named insureds using a form of endorsement that we have approved.

Policies must be written by an A.M. Best "A" or better rated insurance company satisfactory to us and must meet our specifications, including types and amounts of coverage, and the dollar limits and deductibles levels, among other things. You must promptly deliver to us insurance policies or certificates of coverage which designate the name and address of the issuer, the policy number, amount and provisions thereof, all policies will contain a provision that the policy may not be canceled, terminated, or materially or adversely modified

without 30 days prior notice from the insurance company to us. You agree that at least 10 days before the expiration of any insurance policy, you will deliver to us either written evidence that the policy has been renewed or a certificate of coverage from another company. All policies will provide that the insurance companies waive subrogation or consent to waiver of right of recovery against us. We, at our option, may make any necessary payments to keep any insurance required in this agreement in force if you fail to do so, and you will immediately reimburse us for such payments plus a 25% service charge. Your obligation to carry insurance will not be reduced because of any insurance we may carry, nor will any insurance carried by us relieve your indemnification obligation.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for the 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 the 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.

We may identify additional types of insurance that you must carry upon reasonable notice. We may periodically modify all minimum amounts to reflect inflation, general industry standards or our future experience with claims.

No insurance coverage that we or our affiliate maintain shall relieve you of your obligation to maintain insurance. No insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations to us or affiliates under Section 4.17 or otherwise.

4.17 Indemnification

You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of the Studio. You must fully protect, indemnify and hold us (and our owners, directors, officers, employees, agents, members, successors and assigns) and our affiliates (and their owners, directors, officers, employees, agents, members, successors and assigns) (the "Indemnified Parties") harmless from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, demands, damages, obligations and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of the Studio (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates), the business you conduct pursuant to this Agreement, or any breach by you or your failure to comply with the terms and conditions of this Agreement, including, without limitation, 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 gross negligence or willful 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, without limitation, 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 against you under this subparagraph. 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 paragraph. Without limiting the foregoing, if we, or any of the Indemnified Parties, are made a party to a legal proceeding subject to this

indemnification provision, including any proceeding in connection with your act or omission, we and the Indemnified Party, as applicable, may hire counsel to protect our interests and bill you for all costs and expenses incurred by us and the Indemnified Party. You must pay all such bills immediately upon receipt of the invoice.

4.18 Variances

We may approve exceptions or changes from the standards which we, in our sole determination, believe necessary or desirable under particular circumstances. You understand that you have no right to object to or obtain such variances, and that any exception or change from the standards for your activities must be approved in advance by us in writing.

4.19 Customer Satisfaction and Franchise Compliance Programs

You must participate at your own expense in programs required from time to time by us regarding customer satisfaction and/or your compliance with the System, which may include (but are not limited to) a guest feedback system, guest survey programs, and mystery shopping. You must meet or exceed any minimum score requirements we set for such programs. We may share with you the results of these programs pertaining to the Studio. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

4.20 Non-Cash Payment Systems.

You must accept from customers debit cards, credit cards, stored value gift cards, prepaid SEVA-branded cards, membership cards, digital payments, rewards-based redemptions (if any) and/or other non-cash systems, including but not limited to, any mobile applications, specified by us, on such terms and conditions as we determine. You must obtain at your own expense all necessary hardware and/or software used in connection with these non-cash systems.

4.21 SEVA University

Our training system, including all training content and evaluation methods, is known as SEVA University™. SEVA University includes:

- (a) New Franchisee Initial Training. Initial training is described in Section 3.04.
- (b) Owner and Manager Training and Evaluation Programs. We may conduct or make available various training, testing, evaluation and certification programs (“SEVA Training Programs”), which may at any location and in any format we choose, and which may be live in-person, live conducted remotely, including through the Internet or mobile application based platform, and/or pre-recorded. We may designate whether any such SEVA Training Programs are optional or mandatory for you, your Named Partner or your Studio Manager. With respect to mandatory SEVA Training Programs, we may make them mandatory System-wide or mandatory only for certain persons or in certain circumstances in our sole discretion. We may charge a fee for each of the SEVA Training Programs. You must complete and cause your Named Partner, and Studio Manager to participate in and complete, to our satisfaction, such SEVA Training Programs as we may reasonably require from time to time. You shall pay to us or our designee any and all SEVA training fees we impose, which may be at an hourly rate or a flat fee, as we determine in our sole discretion. Although we may from time to time, offer to provide certain training materials for you to distribute to your employees, you

acknowledge and agree that you are fully-responsible for training your employees and ensuring your Studio is in compliance with the System.

(c) Training Studios. In our sole discretion, we may designate and certify one or more SEVA Studios as training Studios, which are authorized to provide training to other franchisees. We have the right to determine the qualifications, terms and conditions necessary to achieve and maintain such status.

(d) Instruction Offered To The Public. In our sole discretion, we may authorize one or more SEVA Studios and/or online methods to provide instructional classes to the public in SEVA methods and processes. We have the right to determine the qualifications, terms and conditions necessary to achieve and maintain such status, and the terms and conditions upon which class may be offered to the public. Our terms and condition may include additional fees to be paid to us. If you have not been authorized by us in writing, you shall not provide any instructional classes to the public.

4.22 Minimum Gross Sales

During the Studio's first year of operation (from the date of opening until the day before the first anniversary thereof), you must achieve at least \$150,000 in Gross Sales. During the Studio's second year of operation, and for every rolling 12-month period thereafter, you must achieve at least \$250,000 in Gross Sales. If you fail to achieve these minimum Gross Sales, then we may terminate this Agreement for your breach of this obligation.

4.23 Business Telephone Numbers and Listings

You must obtain a telephone number for the Studio that is not used in any other business operation and that is different from your personal telephone number. You agree that each telephone number, facsimile number, directory listing and Internet address that you use in the operation or promotion of the Studio (collectively, the "Contact Information") will be used solely to identify the Studio in accordance with this Agreement. You are required to execute the form of Assignment of Contact Information and Online Presences attached as Exhibit D to grant us with full power and control over the Contact Information and Online Presence upon termination or expiration of this Agreement.

4.24 Compliance with System Standards

You have the sole responsibility for the day-to-day management and operation of the Studio and acknowledge that operating and maintaining the Studio according to our System Standards are essential to preserve the goodwill of the Marks and the goodwill of all Studios. Therefore, you agree at all times to operate and maintain the Studio according to each and every System Standard, as we modify and supplement them from time to time. System Standards may regulate any aspect of the operation and maintenance of the Studio; including any one or more of the following:

- (a) sales, marketing, advertising and promotional programs, materials and media;
- (b) staffing levels and employee qualifications, training, uniforms, dress and appearance (although you have sole responsibility and authority concerning employee selection and promotion, termination scheduling and hours worked, rates of pay and other benefits, work assigned and working conditions);
- (c) use and display of the Marks;

- (d) days and hours of operation;
- (e) methods of payment that the Studio may accept from customers;
- (f) participation in market research and testing and product and service development programs;
- (g) bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition; and giving us copies of tax returns and other operating and financial information concerning the Studio;
- (h) types, amounts, terms and conditions of insurance coverage required for the Studio, including criteria for your insurance carriers;
- (i) types and quantity of equipment and other items used in the operation of the Studio;
- (j) pricing information and requirements;
- (k) participation in any quality assurance or customer satisfaction programs we designate; and
- (l) any other aspects of operating and maintaining the Studio that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Studios.

System Standards may be incorporated from time to time in the Operations Manual and form a part of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as we may modify them. Our periodic modification of the System Standards, which may accommodate regional or local variations, may obligate you to invest additional capital in the Studio and incur higher operating costs.

4.25 Non-Disparagement

You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' owners, directors, officers, employees, representatives or affiliates, the SEVA brand, the System, any Studio, any business using the Marks, or which would subject the SEVA brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the SEVA brand.

5. PROTECTION OF RIGHTS AND INFORMATION

5.01 Ownership of Marks

Nothing in this Agreement shall be construed as an assignment or grant to you of any right, title or interest in or to the Marks, it being understood that all rights relating thereto are reserved by us and/or our affiliate. You recognize the great value of the goodwill associated with the Marks and acknowledge that the Marks and all rights therein and goodwill pertaining thereto belongs exclusively to us and/or our affiliate. You agree that your every use of the Marks shall inure to the benefit of us and/or our affiliate and that you shall not at any time acquire rights in the Marks by virtue of any use you make of the Marks. You shall use each Mark only in full compliance with such rules as we may from time to time prescribe. You shall not use any Mark as part of any corporate or other business name, whether with any prefix, suffix or other modifying words, terms, designs or symbols, nor may you use any Marks in connection with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us. Any consent or authorization given

under the preceding sentence shall be deemed revoked upon termination of the Agreement. You agree that you will not, while this Agreement is in effect and thereafter, attack the title or any of our rights in and to the Marks, or attack the validity of this license for the use of the Marks or do anything which would jeopardize or diminish our rights to or the value of the Marks.

5.02 Protection of Marks

You must immediately notify us of any infringement of or challenge to your or our use of any Marks or claim by any person or entity of any rights in any Mark. We will have sole right to determine what action we deem appropriate and sole right to exclusively control any litigation or other proceeding, including in connection with the U.S. Patent and Trademark Office, arising out of any such infringement, challenge or claim relating to such Marks, you agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of counsel for us, be necessary or advisable to protect any interests in any such litigation or proceeding or to otherwise protect and maintain our interest in the Marks.

5.03 Use of Marks in Advertising

You agree that during the term of this Agreement:

(a) the Studio shall be operated under the name used in the Marks and that all signs and advertising shall prominently display the Marks;

(b) all real and fictitious names under which you do business must be approved in writing by us before use. In conjunction with the Marks, your own name must be displayed conspicuously on all licenses and permits required for the operation of the Franchise, on all tax returns, on all stationery and business cards and on all contractual agreements you enter into. The format for the display of your own name in conjunction with the Marks must be approved in writing by us before use. You may not use the word "SEVA" as part of your entity name; and

(c) all stationery, business cards and contractual agreements entered into by you must conspicuously state "This SEVA Studio is Independently Owned and Operated."

5.04 Change of Marks

You agree that if it becomes advisable at any time, in our sole judgments, to modify or discontinue the use of any or all of the Marks and/or use one or more additional Marks to substitute for any or all of the Marks, you agree to do so without any obligation on our part with respect thereto.

5.05 Protection of Information

(a) You acknowledge that we possess and shall possess in the future certain proprietary information, consisting of the Operations Manual as well as all concepts, methods, techniques, training systems, formats, specifications, procedures, information, systems, marketing approaches, ideas, research, improvements, materials, owned or developed by us and not otherwise publicly available, whether or not published or suitable for registration or copyright, and the goodwill associated with them, which is used in the operation of SEVA franchises ("Proprietary Information"). Proprietary Information also includes certain marketing information, consisting of names, addresses, telephone numbers, contact persons, purchase orders and other identifying information relating to customers and vendors, financial information with respect to the Studio, other Studios and the Studio, confidential information contained in verbal or audio communication, files, interoffice documents, and other internal and external documents and correspondence prepared by or for

you and us, which marketing information is not otherwise publicly available. We may disclose the Proprietary Information to you in the Operations Manual, in training, and in providing guidance and assistance to you in the operation of the Studio.

(b) You acknowledge and agree that you will not acquire any interest in the Proprietary Information during or after the Term of this Agreement, other than the right to utilize it in the development and operation of the Studio during the Term thereof, and that the use or duplication of the Proprietary Information in any other business would constitute an unfair method of competition, that such information could be used to compete with and significantly injure us, that such information has significant value to our competitors, and that the relationship between such information, you, and us involves elements of personal service and trust. You acknowledge and agree that the Proprietary Information is our trade secret and is disclosed to you on the condition that you:

- (i) will not use the Proprietary Information in any other business or capacity during the Term of this Agreement or at any time thereafter;
- (ii) will maintain the absolute confidentiality of the Proprietary Information during the term of this Agreement and thereafter;
- (iii) will not make unauthorized copies of any portion of the Proprietary Information or disclosed or held in written, audio, video, or computer form; and
- (iv) will adopt and implement all reasonable procedures prescribed from time to time by us to prevent the unauthorized use or disclosure, as described in parts (1) through (3) above, of the Proprietary Information including, without limitation, restrictions on disclosure thereof to and by your agents and the use of nondisclosure and noncompetition clauses in employment agreements with each of such persons who have access to the Proprietary Information.

5.06 Covenants Not To Compete

You acknowledge and agree that we would be unable to protect our trade secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among its franchisees if its franchisees were permitted to hold interests in any competitive businesses (as described below). You also acknowledge that we have granted you the Franchise in consideration of, and in reliance upon, your agreement to deal exclusively with us. You therefore agree to the following noncompetition covenants:

(a). Unless otherwise specified, the term “you” as used in this Section includes, collectively and individually, you, any of your owners, principal officers, or directors, and the immediate family members of each of the foregoing.

(b). You covenant that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business other than as authorized by this Agreement or any other agreement between us and you. For purposes of this Agreement, “Competitive Business” means any business that sells or provides services that include facial threading, waxing, eyelash extensions, makeup application, eyebrow tinting or facials, which are typically offered in a spas or beauty salons.

(c). You covenant that you will not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, or within two (2) years of the sale of the Studio or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in

conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a business engaging in a Competitive Activity: (a) at the Authorized Location; or (b) within a 10 mile radius of the Authorized Location; or (c) within a 10 mile radius of any other SEVA Studio in operation or under construction as of the date of termination or expiration, as applicable.

(d). You expressly agree that the two-year period and geographical restrictions are the reasonable and necessary time and geographic scope needed to protect SEVA, its franchisees and the SEVA System if the Agreement expires or is terminated. You also agree that the length of time in subpart (c) in this Section 5.06 will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

5.07 Improvements

You must promptly disclose to us all ideas, concepts, techniques, or materials concerning the SEVA concept, whether or not protectable intellectual property and whether created by or for you or your owners or employees (“Improvements”), which will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item. In the event that the foregoing provisions are held to be invalid or otherwise unenforceable, you hereby grant to us an irrevocable, worldwide, perpetual, exclusive, royalty-free license, with the right to sublicense such Improvements.

6. SALE OR TRANSFER

6.01 Transfer by SEVA

You have not signed this Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third-party without restriction. We may also 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.

6.02 Transfer by You

You may not transfer or attempt to transfer this Agreement or the Studio without our prior written approval. The rights and duties under this Agreement are personal to you (or to your owners if you are an entity). We have granted you the Franchise in reliance upon our perceptions of your (or your owners’) individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any interest in this Agreement), the Studio or substantially all of its assets, any direct or indirect ownership interest in you (regardless of its size), nor any ownership interest in any of your owners (if such owners are legal entities) may be transferred without our prior written approval, which approval will not be unreasonably withheld or delayed. You will also not enter into any proposed mortgage, pledge, hypothecation, encumbrance or giving of a security interest in or which affects the Studio, this Agreement or your rights under this Agreement without our prior written consent. A transfer of the Studio’s ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement approved by us.

The term “Transfer” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in you and includes:

- (a) the transfer or the offer of any such interest in you by means of a private sale, a public offering or a private offering which requires that the prospective purchaser be provided a disclosure document, a divorce, a disposition on or resulting from death, an insolvency or dissolution proceeding, or otherwise by operation of law;
- (b) a merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (c) any sale of a security convertible to an ownership interest;
- (d) the grant of a mortgage, pledge, collateral assignment or other transaction designed to create a lien or other encumbrance, and a transfer which results therefrom; and
- (e) any other transfer, surrender, or loss of the possession, control, or management of the Studio.

If you intend to list the 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 the 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 the Studio or of any ownership interest in you without our prior written approval of such materials.

6.03 Conditions for Consent to Transfer

We will not unreasonably withhold our consent to transfer provided that we determine that all of the conditions described below have been satisfied. We will condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

- (a) Assignee Requirements. The assignee (i) must meet all of our then-current requirements for new franchisees of a SEVA Studio, including educational, managerial, business and financial standards; and must have one individual who qualifies to be the Studio Manager for the Studio; (ii) must have sufficient equity capital to operate the Studio; and (iii) must not have any other interest in a business competitive with the Studio.
- (b) Payment of Amounts Owed. All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Authorized Location, or upon which we or any of our affiliates have any contingent liability, must be paid in full.
- (c) Transfer Fee. Unless the transfer is of ownership interests among one or more of the owners listed in Exhibit A, you must pay to us a transfer fee of \$12,500.
- (d) No Default. You must not be in default of any provision of this Agreement or any other agreement with us or our affiliates or suppliers.
- (e) New Franchise Agreement. The assignee must sign our then-current form of Franchise Agreement, together with any ancillary agreements we may require, for the term ending on the expiration date

and with such renewal term as provided by this Agreement. The then-current form of Franchise Agreement may contain different terms and conditions, including higher and/or additional fees.

(f) Guarantee. All persons having an ownership interest in the new franchisee entity must sign a personal guarantee, as well as each owner's spouse or domestic partner, as applicable.

(g) General Release. You and each owner must sign a general release releasing us and our affiliates of all claims arising out of or relating to this Agreement, the Studio or the parties' business relationship, with a separate agreement maintaining the obligations of nondisclosure, non-compete and indemnification, all in the form we designate.

(h) Training. You must pay the assignee's training fees of \$3,000 for training for up to 3 people as part of such assignment and transfer of the Franchise.

(i) Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Studio and its operations as we deem reasonably necessary or appropriate for the assignee and/or us to evaluate the Studio and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Studio and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Studio and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

6.04 Our Right of First Refusal

Notwithstanding anything in this Section 6 to the contrary, if you or any of your owners propose to sell the Studio or part or all of the ownership of the Franchise, you or the owners shall obtain and deliver a bona fide executed written offer to purchase the Studio to us, which shall, for a period of 4 weeks from the date of delivery of such offer, have the right, which may be exercised by written notice to you, to purchase the Studio or such ownership for the price and on the terms and conditions contained in such offer; provided that we may substitute equivalent cash for any form of payment proposed in such offer. If we do not exercise this right of first refusal, the offer may be accepted by you, subject to our prior written approval as provided in Section 6.03. If we do not exercise our right of first refusal as described above and the contract contained in such offer is not consummated within 60 days of the date of the offer, we shall again have the right of first refusal described herein.

6.05 Ownership Changes

If you are a partnership, limited liability company or corporation, you agree to notify us of any change of partnership, membership, or stock ownership interests while this Agreement is in effect, which, together with all prior changes, constitutes a change of 10% or more. Any such change that, together with all prior changes, constitutes a change of 50% or more shall be considered a transfer subject to the provisions of Sections 6.02, 6.03, and 6.04 hereof.

6.06 Death or Disability

In the event that you or any Named Partner dies or becomes permanently disabled, the administrator, executor, conservator or other personal representative of such person shall transfer his or her interest within a reasonable time, not to exceed 6 months from the date of death or permanent disability, to a third party approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to all of the terms and conditions for assignments and transfers contained in Section 6.03 of this

Agreement and unless transferred by gift, devise or inheritance, subject to the terms of Section 6.04 of this Agreement. Failure to so dispose of such interest within said period of the time shall constitute a breach of this Agreement. Our consent to an assignment of any interest, subject to the restrictions of this Section, shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of our rights to demand exact compliance with any of the terms or conditions of the Franchise by the assignee. Pending assignment, the Studio shall be operated by a competent and trained Studio Manager appointed by the assignee or the executor, administrator, conservator or other personal representative of the deceased or permanently disabled owner or guarantor and approved by us. If a competent and trained Studio Manager is not so appointed and approved within 60 days after the death or permanent disability of you or a guarantor, then you shall be deemed in breach of this Agreement.

7. DEFAULT AND TERMINATION

7.01 Termination by You

If you are in compliance with this Agreement, you may terminate this Agreement for our material breach or our material default of the Agreement 30 days after giving us notice of such intent, specifying the breach or default, if the breach or default remains uncured at the end of the 30 day period; provided, however, that if the nature of our breach or default is such that more than 30 days are reasonably required for performance or cure, then we shall not be in breach or default if we commence performance within the 30 day period and thereafter diligently continue and cure the breach or default.

7.02 Termination by Us

If you breach this Agreement, we have all rights and remedies permitted by law or equity, including the right of termination and we may terminate this Agreement immediately upon notice without giving any opportunity to cure for any of the following breaches or defaults:

- (a) Criminal Acts. The criminal conviction or plea of guilty or no contest by your, one of your owners or your manager to fraudulent conduct, a felony, or misdemeanor involving moral turpitude.
- (b) Unauthorized Transfer. Any transfer or attempted transfer in violation of Section 6 of this Agreement.
- (c) Bankruptcy. Voluntary or involuntary bankruptcy or insolvency of you or any guarantor.
- (d) Abandonment or Ceasing Operations. You abandon or fail, without prior written approval, to actively operate the Studio for three (3) or more consecutive business days.
- (e) Proprietary Information. Any unauthorized use of the Proprietary Information.
- (f) Marks. Any conduct by you which materially impairs the goodwill associated with the Marks or the System.
- (g) Authorized Location. Any use of the Studio or the Authorized Location for any illegal or unauthorized purpose.
- (h) Liens. Levy of a writ of attachment or execution or the placement of other liens against you or any guarantor or any of their assets which is not released or bonded against within 30 days.

(i) Insolvency. You make an assignment for the benefit of creditors or you or any of your Named Partner(s) admit in writing your insolvency or inability to pay your debts generally as they become due; you or your Named Partner(s) consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the Studio is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or the Studio is not vacated within 30 days following the order's entry; or you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you.

(j) Repeated Breaches. Breach, default or failure to comply with this Agreement, (including, but not limited to requirements relating to proper use of the point of sale system, compliance with system standards, timely delivery of reports, financial statements or payment of fees to us) by you on three (3) or more occasions within any 12 month period during the Term, whether or not any of such breaches, defaults or failures to comply are corrected after notice thereof is delivered to you and whether or not they are the same, similar or different.

(k) Misrepresentations or Fraud. Any misrepresentation, material omission, or false representation, statement, warranty, guaranty, report, or claim, or fraudulent, unethical or dishonest conduct, distortion, act of concealment, or attempt at any of the foregoing, made by you in connection with obtaining the Franchise or this Agreement, or with respect to this Agreement or performance hereunder to us, other SEVA franchisees, your customers, vendors, and suppliers, and the general public, whether or not injury or loss results.

(l) Violation of Law. You violate any law relating to the operation of the Studio.

(m) Understated Gross Sales. Submission within any two (2) year period of three (3) or more weekly, monthly, quarterly, or annual financial statements, reports, sales, income tax returns, or other reports to us that understate by 3% or more the Gross Sales or other material information they contain; or as a result of an audit, you have underreported Gross Sales of the Studio by 25% or more.

(n) Failure To Obtain the Authorized Location. You fail to secure the Authorized Location within 90 days following the execution of this Agreement or fail to execute Exhibit A within such time period.

(o) Premises. You lose the right to occupy the Authorized Location for any reason.

(p) Failure To Open. You do not open the Studio for business within the time period specified in Section 3.08.

(q) Minimum Sales. You do not achieve the minimum Gross Sales as specified in Section 4.22.

(r) Violation of Covenants Not To Compete. You violate Section 5.06, or if you are entity, any of your owners violates any covenant against competition contained in any agreement with us.

(s) Nonpayment. Failure to pay when due any sum owed to us, our affiliates or your landlord or vendors under this Agreement or any other agreement and do not correct the failure within 10 days after written notice of that failure.

(t) Failure to Cure. You (or any of your owners) fail to comply with any other provision of this Agreement or any other System Standard, and do not correct the failure within 15 days after we deliver written-notice of the failure to you.

8. RIGHTS AND DUTIES UPON TRANSFER OR TERMINATION

8.01 Obligations

You agree that upon termination of this Agreement or upon the sale, transfer, or assignment of the Franchise or this Agreement by you, the following shall occur:

(a) Acceleration of Payments to us and Others. All money owed by you to us, our affiliates, the Brand Fund, and to any other of your creditors arising from or related to the Franchise business, shall be immediately due and payable.

(b) Franchise Revoked. All rights and licenses granted to you under this Agreement shall terminate.

(c) Use of Marks. You shall cease using the Marks, including use of any Mark as part of any corporate or other name, and all confidential information relating to the Franchise (including Proprietary Information), and shall cease doing business or in any manner identifying or advertising yourself as a current or former SEVA franchisee.

(d) Products and Supplies. You shall cease using and shall, upon our instructions, destroy or deliver to us (or another party designated by us) all copyrighted material, Operations Manual, and all other items which are our property.

(e) Signs. You shall immediately remove or destroy all signs, posters, sheets, placards, cards, nameplates, names or similar items which designate you as an authorized franchisee or which include any Mark.

(f) Online Presence and Contact Information. You shall cease using and, at our direction, either disable or instruct the registrar or service provide of any Contact Information or Online Presence to transfer exclusive control and access of such Contact Information or Online Presence to us or our designee in accordance with our instructions.

(g) Publications. You shall immediately notify and instruct publications and persons who may publish your name as an authorized franchise of our, to discontinue such listings.

(h) Registrations. You must take such action as may be required to cancel all of your assumed name, business name, corporate name, trade name, trademark, service mark or all equivalent registrations which use the Marks, in part or in whole.

(i) Modify Property. If you retain possession of any business properties, you shall make such alterations and modifications as are necessary to prevent identification as a franchise of ours.

(j) Power of Attorney. You hereby irrevocably appoint us as your attorney-in-fact to execute in your name and on your behalf all documents necessary to discontinue your use of the Marks.

(k) Noncompetition. You shall continue to be bound by all of the provisions of Sections 5.05 and 5.06 hereof and other provisions which are intended to survive termination.

(l) Execution of Documents. You shall comply with all applicable laws and shall execute and deliver all documents necessary to vest title and ownership in us or our nominee, free and clear of all liens and encumbrances, except those assumed by us.

(m) Delivery of Documents. You shall deliver promptly to us or any party designated by us, all files, memoranda, research, forms, tapes, videos, Proprietary Information, marketing materials and other documents and information supplied to or developed or created by you in connection with the Franchise (including all copies of the foregoing) in your possession or control, with all such documents and information being acknowledged by you to be and remain our sole and exclusive property.

(n) Liquidated Damages. If we terminate this Agreement because of your breach, or if you terminate this Agreement without cause, 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 Royalty Fees, and that the Brand Fund and Local Advertising Cooperative (if established) would have otherwise derived from your continued contributions to those funds, less any cost savings, through the remainder of the Term (the “Liquidated Damages”). You and we agree that a reasonable estimate of the Liquidated Damages is, and you agree to pay us as compensation for the Liquidated Damages, an amount equal to the then net present value of the Royalty fees, Brand Fund contributions and Local Advertising Cooperative (if established) contributions that would have become due had the Agreement not been terminated, from the date of termination to the scheduled expiration of the then-current Term of this Agreement (the “Measurement Period”). For this purpose, Liquidated Damages shall be calculated by multiplying (1) the number of calendar months in the Measurement Period by (2) the average monthly Gross Sales of the Studio during the 12 full calendar months immediately preceding the termination date; however, if as of the termination date, the Studio has not been operating for at least 12 months, Liquidated Damages will be calculated based on the average monthly Gross Sales during our previous fiscal year immediately preceding the termination date of all Studios operating under the Marks during the entirety of that fiscal year. You and we agree that the calculation described in this Section 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 the Agreement.

(o) No Use of Similar Marks. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which may cause confusion, mistake or deception, or which may dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(p) Other Rights. We shall have all other appropriate rights and remedies permitted by this Agreement, law and equity, including, but not limited to, damages, injunctions, and restraining orders.

8.02 Our Purchase Right

Upon expiration or termination of this Agreement, we shall have the right (but not the obligation) to purchase any or all of the furnishings, equipment, signs, fixtures, supplies, materials and other assets related to the operation of the Studio (the “Assets”). The purchase price for your Assets will be the net realizable value of the Assets in accordance with the liquidation basis of accounting (not the value of the Studio as a going concern) (“Liquidation Value”). You must assign to us any lease or sublease for the Authorized Location. If you dispute our calculation of the purchase price, then within a reasonable time, the purchase price will be

determined by an independent appraiser reasonably acceptable to both parties. We will share equally the fees and expenses of the appraiser. The appraisers shall be obligated complete their appraisal within 30 days after appointment. With respect to our option under this Section, we shall purchase assets only and shall assume no liabilities. Our election to purchase the Assets must be exercised by written notice to you within 30 days after termination or expiration of this Agreement, and is subject to the parties agreeing on a purchase price, or the appraiser determining a purchase price acceptable to us. If we elect to exercise any such option, we shall have the right to set off from the purchase price all amounts due from you to us or any of our affiliates. We shall have the unrestricted right to assign this option to any other party, without your consent.

9. RELATIONSHIP

9.01 Relationship of Parties

The parties acknowledge that the relationship created under this Agreement is that of independent contractors. This Agreement does not create the relationship of principal and agent or employer and employee between the parties, and under no circumstances shall either party or their agents be considered the agents of the other party. Neither party shall act or represent itself, directly or by implication, as agent or employee of the other, or in any manner assume or attempt to assume or create any obligation or make a contract, agreement, representation or warranty on behalf of or in the name of the other, except to the extent authorized in writing by the other, and except as otherwise specified in this Agreement. Except as provided in this Agreement, neither party shall guarantee the obligations of the other or become obligated for the debts or expenses of the other.

Except as otherwise provided in this Agreement, you shall be responsible for the success, management and control of the Studio, including, without limitation, directing its daily operations, determining the specific means of achieving performance guidelines, directing and managing your agents, paying all costs and expenses associated with the business, purchasing all necessary supplies, samples, inventory, products, materials and other items, obtaining necessary financing and other matters.

In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status.

9.02 Security Interest

As security for the performance of your obligations under this Agreement, including payments owed to us for purchases by you, you hereby collaterally assign to us the lease and grant us a security interest in all of the Assets and all other assets of the Studio, including inventory, accounts, supplies, contracts, and proceeds and products of all those assets. 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 as a Security Agreement, and we may file it with a UCC-1 Financing Statement or make such other filings in the records of any county and state that we deem appropriate to protect our interests.

9.03 Legal Entity of Franchisee

If you are at any time a corporation, limited liability company, partnership, or other business entity (each an “Entity”) you agree and represent that:

(a) you will have the authority to execute, deliver and perform your obligations under this Agreement and all related agreements and be bound jointly and severally by all the provisions it contains;

(b) you will throughout the Term, remain validly existing and in good standing under the laws of the state of your formation;

(c) Exhibit A to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date and that any changes to the information reflected on Exhibit A require our prior written consent as described in Section 6.05;

(d) you shall conduct no business other than the Studio;

(e) Each of your direct and indirect owners during the Term and your and their spouses will execute a guaranty (“Guaranty”) in the form we prescribe undertaking to guaranty your performance and to personally be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of Guaranty is attached as Exhibit C. A spouse who owns no direct interest in you will be required to sign the Guaranty, not as a guarantor, but solely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein; and

(f) provide us with the partnership or joint venture agreement, operating agreement, articles of incorporation, bylaws and other organizational documents of such partnerships, joint ventures, limited liability companies and corporations, which shall, to the extent permitted by law, recite that the issuance and transfer of any interest therein is subject to the restrictions of Section 6 hereof, and all issued and outstanding partnership certificates, membership certificates, stock certificates of such entities shall bear a legend referring to the restrictions contained in this Agreement.

10. DISPUTE RESOLUTION

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) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Studio, (e) 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 10, which we and you acknowledge is to be determined by an arbitrator, not a court); and (f) 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, Humacao, Puerto Rico). 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.

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:

A. 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;

B. 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;

C. 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;

D. the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

E. 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 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.

11. GENERAL PROVISIONS

11.01 Severability

If one or more clauses of this Agreement is held to be void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

11.02 Waiver/Integration

No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed a failure to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by the parties. This Agreement together with the addenda and appendices hereto, constitutes the entire, full and complete agreement and understanding between the parties and supersedes any and all prior agreements, no other representations, promises, warranties or agreements having induced you to execute this Agreement with us. Both parties acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, "side-deals", rights of first refusal, options or understandings having induced you to execute this Agreement. The parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. Without limiting the foregoing, you acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential revenue, volume, profits or success of your business. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Nothing in this Agreement or in any related agreement is intended to negate the representations contained in our Franchise Disclosure Document.

11.03 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by facsimile, by e-mail, or by a nationally recognized commercial courier service for next business day delivery or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor:	SEVA Beauty, LLC 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 Attention: Director of Franchise Development
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With a copy to:	Cheng Cohen LLC 311 N. Aberdeen Street 363 W. Erie St., Suite 400 Chicago, Illinois 60607 <u>60654</u>
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Attention: Amy Cheng

Notices to Franchisee and
the Controlling Principals:

Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or email, upon transmission (provided confirmation is sent as described above) or, in the case of a nationally recognized commercial courier service, one (1) business day after being placed in the hands of the courier service for next business day delivery or, in the case of registered or certified mail, three (3) business days after the date and time of mailing.

11.04 Injunctive Relief

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against the conduct that threatens to injure or harm us, the Marks, or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief and 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, and you hereby expressly waive any claim for damages caused by such an injunction.

11.05 Successors/Assigns

This Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

11.06 Interpretation of Rights and Obligations

The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

(a) Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Studio is located, except that laws relating to franchisees, franchise relationships and business opportunities will not apply unless the jurisdictional requirements of such laws are satisfied independently of this provision. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Studio is located.

(b) Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

(c) Our Reasonable Business Judgment. You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion. Our

decisions or actions will be deemed to be the result of reasonable business judgment, 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), so long as our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

11.07 Consent To Jurisdiction

Subject to the obligation under Section 10 of this Agreement, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Illinois. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

11.08 Jury Waiver, Class Action Bar

All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

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

11.09 Waiver of Punitive Damages

Except for your obligation to indemnify us for third party claims under Section 4.17, the parties and their affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that, in the event of any dispute between them, each will be limited to equitable relief and to recovery of actual damages sustained.

11.10 Limitation of Action

Except for claims arising from your non-payment or underpayment of amounts you owe to us, any and all claims arising out of or related to this Agreement or the relationship of the parties shall 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 such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff.

11.11 Costs and Attorneys' Fees.

We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.) or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

11.12 Adaptations and Variances

Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Studio, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee.

11.13 Notice of Potential Profit

We and our affiliates may from time to time make available to you goods, products and/or services for use in the Studio on the sale of which we or our affiliates may make a profit. Further, we and our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and our affiliates are entitled to said profits and/or consideration.

11.14 Submission of Agreement

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY OUR MANAGING MEMBER.

11.15 Acknowledgments

You acknowledge that you received our Franchise Disclosure Document (the "FDD") at least fourteen (14) calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

You acknowledge that you have read and understood this Agreement, the attachments hereto and all agreements relating thereto, if any. You acknowledge that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement. You further acknowledge that we have advised you to seek franchise counsel to review and evaluate this Agreement.

You acknowledge that you are relying solely on with regard to our financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing us has made any statements or promises to the effect that any affiliated entities or parent companies guarantee our performance or financially back us.

You understand that neither we, nor any of our representatives and/or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Studio shall break even, be successful or profitable. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither we nor any of its representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with the Studio or any other SEVA Studio.

You represent to us, as an inducement to our entry into this Agreement, that all statements that you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing of a franchise in reliance upon all of your representations.

[Signature Page Follows]

IN AGREEMENT WHEREOF, the parties hereto have signed this SEVA Franchise Agreement.

FRANCHISEE:

[If an entity:]

By: _____

Name: _____

Title: _____

Date: _____

[If an individual or individuals:]

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

FRANCHISOR:

SEVA BEAUTY, LLC

By: _____

Name: Vas Maniatis

Title: Managing Member

EXHIBIT A TO FRANCHISE AGREEMENT
AUTHORIZED LOCATION & OWNERSHIP INTERESTS

1. AUTHORIZED LOCATION

Pursuant to Section 1.01 of the Franchise Agreement, the Studio shall be located at the following described location ("Authorized Location"):

(Indicate City, County or Area within which the Studio shall be located.)

You acknowledge and agree that we do not provide any protections or exclusivity in the territory surrounding the Authorized Location. If the Authorized Location has not been determined as of the Effective Date of this Agreement, you shall secure the Authorized Location in accordance with the terms and conditions of the Franchise Agreement within the general area described as follows:

(Indicate City, County or Area within which the Studio shall be located.)

If the Authorized Location is not designated at the time of signing the Franchise Agreement, the parties shall amend this Exhibit A to reflect the address of the Authorized Location once you secure the Authorized Location in accordance with the terms of the Franchise Agreement.

2. FORM OF OWNERSHIP

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or 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 _____.

Owners. The following identifies the owner that you have designated as, and that we approve to be, the Named Principal and the Studio Manager, and lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), 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	Type/Percentage of Interest
Named Partner: _____	_____ %
Studio Manager: _____	_____ %
Other Owners: _____	_____ %

Each of the individuals listed above shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Exhibit B to the Franchise Agreement (see Sections 5.05 and 5.06 of the Franchise Agreement).

[Signature page to follow]

FRANCHISEE:

[If an entity:]

By: _____

Name: _____

Title: _____

Date: _____

[If an individual or individuals:]

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

FRANCHISOR:

SEVA BEAUTY, LLC

By: _____

Name: Vas Maniatis

Title: Managing Member

EXHIBIT B TO FRANCHISE AGREEMENT
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from SEVA Beauty, LLC (the “Company”) to establish and operate a SEVA Studio (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and Accepted Location as indicated on Exhibit A to the Franchise Agreement (the “Accepted Location”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of franchised businesses specializing in esthetic spa services and products, under the trade name and service mark, SEVA®. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, marketing information, consisting of names, addresses, telephone numbers, contact persons, purchase orders and other identifying information relating to customers and vendors, financial information, confidential information contained in verbal or audio communication, files, interoffice documents, and other internal and external documents and correspondence prepared by or for Franchisee, vendor relationships, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

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

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business (as defined below) for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at: (b) within a 10 mile radius of the Authorized Location ; or (c) within a 10 mile radius of any other SEVA Studio in operation or under construction as of the date of termination or expiration, as applicable.

For purposes of this Agreement, "Competitive Business" means any business that sells or provides services that include facial threading, waxing, eyelash extensions, makeup application, eyebrow tinting or facials, which are typically offered in a spas or beauty salons

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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

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

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

11. This Agreement shall be construed under the laws of the state in which the Studio is located.

[Signature page to follow]

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By:

Name: _____

Title: _____

By:

Name: _____

Title: _____

By:

Name: _____

Title: _____

By:

Name: _____

Title: _____

EXHIBIT C TO FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

GUARANTY AND ASSUMPTION OF OBLIGATIONS

The undersigned hereby execute this GUARANTY AND ASSUMPTION OF OBLIGATIONS (this “Guaranty”), as of the last date written below, in order to, among other things, induce SEVA Beauty, LLC (“Franchisor”) to enter into, or permit the transfer of, that certain SEVA Franchise Agreement, dated _____ (the “Franchise Agreement”), with _____ (“Franchisee”).

RECITALS

WHEREAS, the undersigned constitute all of the: (a) shareholders, members, partners, and owners of Franchisee, and (b) other persons or entities interested in effecting the grant or transfer of the Franchise Agreement by Franchisor to Franchisee; and

WHEREAS, Franchisor is relying on this Guaranty to ensure that there are sufficient assets to operate the franchised business and to protect Franchisor in the event Franchisee commits a breach or default under the Franchise Agreement; and

WHEREAS, Franchisor is only willing to enter into the Franchise Agreement if each of the undersigned personally guaranty Franchisee’s obligations thereunder.

AGREEMENT

NOW, THEREFORE, the undersigned, in consideration of the undertakings and commitments of each such party set forth in this Guaranty, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. The undersigned hereby represent and warrant that they constitute [check all that apply]:

☐ the holders of one hundred percent (100%) of the originally issued and outstanding capital stock of Franchisee, a corporation;

☐ one hundred percent (100%) of the members of Franchisee, a limited liability company (“LLC”);

☐ one hundred percent (100%) of the partners of Franchisee, a partnership (“Partnership”); and/or

☐ Franchisee’s spouse or domestic partner, as applicable, and/or the spouses or domestic partners of the shareholders, members or partners of Franchisee, as applicable.

2. Each of the undersigned individuals personally, jointly and severally, agrees to be bound by all the terms and conditions of the Franchise Agreement, including any amendments thereto, whenever made, and absolutely, irrevocably and unconditionally guarantees to Franchisor, and its successors and assigns, that all of Franchisee’s obligations under the Franchise Agreement will be punctually paid and performed.

3. The undersigned acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that each owner of Franchisee, and each owner's spouse, be personally obligated and jointly and severally liable with Franchisee (and with each other owner of Franchisee) for the performance of each and every obligation of Franchisee (and its owners) under: (i) the Franchise Agreement, including any amendments thereto or extensions or renewals thereof, and (ii) each and every other agreement entered into by Franchisee in connection with the Franchise Agreement, including any lease agreement (all aforementioned agreements are collectively referred to as the "SEVA Agreements"). Without limiting the generality of the foregoing, the undersigned acknowledge and agree that each individual is personally bound by the confidentiality restrictions and the covenant against competition set forth in the Franchise Agreement.

4. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee.

5. This Guaranty is effective until all terms of the SEVA Agreements have been fully and completely performed by Franchisee, to the satisfaction of Franchisor. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor(s) to Franchisor hereunder.

6. Each undersigned 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 Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law

7. The undersigned jointly and severally agree to pay all attorneys' fees, costs and expenses incurred by Franchisor in enforcing this Guaranty, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court, and to assume all liability for all losses, costs, attorney's fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

8. The undersigned hereby waives the following:

(i) notice of amendment of the SEVA Agreements and notice of demand for payment or performance by Franchisee of any obligation under the SEVA Agreements;

(ii) presentment or protest of any instrument and notice thereof, and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of Franchisee's obligations under the SEVA Agreements;

(iii) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;

(iv) the defense of statute of limitations in any action hereunder or for the collection or performance of any obligation;

(v) any and all rights to payments, indemnities and claims for reimbursement or subrogation that the undersigned may have against Franchisee arising from the undersigned's execution of and performance under this Guaranty;

(vi) any defense based on any irregularity or defect in the creation of any of the obligations or modification of the terms and conditions of performance thereof;

(vii) any defense based on the failure of Franchisor or any other party to take, protect, perfect or preserve any right against and/or security granted by Franchisee or any other party; and

(viii) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

9. Upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the SEVA Agreements. Without limiting the generality of the foregoing, the undersigned acknowledges that Franchisor is not required to proceed first against the Franchisee, but may proceed first against the undersigned or any of them alone or concurrent with proceeding against Franchisee. The obligations of the undersigned hereunder are absolute and unconditional.

10. Governing Law; Jurisdiction; Venue.

(i) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.) or other federal law, this Guaranty and any claims related thereto, shall be governed by, interpreted and construed under the laws of the state of in which the Studio is located, which laws shall prevail in the event of any conflict of law.

(ii) The undersigned hereby acknowledge and agree that should any case or controversy arising out of, in connection with, or related to, either directly or indirectly, this Guaranty, then the terms under Section 10 and Section 11 of the Franchise Agreement will control the dispute hereunder.

11. The undersigned hereby waive any right to trial by jury that they may have in any action brought by Franchisor related, directly or indirectly, to this Guaranty and/or the SEVA Agreements, or the negotiation of the Guaranty and/or the SEVA Agreements.

12. If one or more provisions contained in this Guaranty shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

13. Each of the undersigned acknowledges that: (i) it is a condition to the granting of the Franchise Agreement to Franchisee that each of the undersigned shall execute and deliver this Guaranty to Franchisor; (ii) that Franchisor has entered into the Franchise Agreement with Franchisee in reliance upon the agreement of the undersigned to do so; and (iii) that, as owners of the Franchisee, or spouses and domestic partners, as applicable, of such owners, the undersigned have received adequate consideration to support their execution of this Guaranty. This Guaranty does not grant or create in the undersigned any interests, rights or privileges in the SEVA Agreements, or any other franchise or franchise agreement.

14. Each of the undersigned waives 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.

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)

Sign: _____

Name: _____

Title: _____

Date: _____

The undersigned, as the spouse of the Guarantor(s) 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

EXHIBIT D TO FRANCHISE AGREEMENT

ASSIGNMENT OF CONTACT INFORMATION AND ONLINE PRESENCES

ASSIGNMENT OF CONTACT INFORMATION AND ONLINE PRESENCES

The undersigned (“**Franchisee**”) hereby acknowledges and agrees that Seva Beauty, LLC (“**Franchisor**”) has granted a franchise to Franchisee to operate a SEVA Studio 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 maintained certain: (1) telephone and facsimile numbers and other directory listings (each a “**Contact Information**”), 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 Information 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 Information, 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 Information 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 the Registrars to assign all Contact Information 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 Information and Online Presences to Franchisor, Franchisor shall direct the Registrars to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the 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 Information 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 Information 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, interpreted and construed under the laws of the state of in which the Franchised Business is located, which laws shall prevail in the event of any conflict of law. 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 TO FOLLOW]

FRANCHISEE:

[If an entity:]

By: _____

Name: _____

Title: _____

Date: _____

[If an individual or individuals:]

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

FRANCHISOR:

SEVA BEAUTY, LLC

By: _____

Name: Vas Maniatis

Title: Managing Member

EXHIBIT C
FINANCIAL STATEMENTS

SEVA BEAUTY, LLC
(A Limited Liability Company)
FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2018, 2017 AND 2016

SEVA BEAUTY, LLC
(A Limited Liability Company)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

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Statements of income and member's equity (deficit)	4
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INDEPENDENT AUDITOR'S REPORT

To the Member
Seva Beauty, LLC

We have audited the accompanying financial statements of Seva Beauty, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income and member's equity (deficit) and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seva Beauty, LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
March 26, 2019

SEVA BEAUTY, LLC
(A Limited Liability Company)
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,270,531	\$ 6,886,671
Restricted cash	32,006	57,026
Accounts receivable	65,639	169,532
Prepaid expenses	<u>318,614</u>	<u>1,268,238</u>
Total current assets	1,686,790	8,381,467
Property and equipment, net	167,512	175,581
Other asset:		
Security deposits	<u>-</u>	<u>32,676</u>
TOTAL ASSETS	<u>\$ 1,854,302</u>	<u>\$ 8,589,724</u>
<u>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 616,941	\$ 341,150
Funds designated for franchisee advertising	313,759	508,602
Security deposits payable	100,633	401,338
Deferred franchise fees	1,248,000	3,308,000
Deferred administration fees	25,000	170,000
Deferred initial fees	<u>7,500</u>	<u>7,500</u>
Total current liabilities	2,311,833	4,736,590
Long-term liability:		
Security deposits payable, net of current portion	<u>1,358,292</u>	<u>1,458,925</u>
Total liabilities	3,670,125	6,195,515
Commitments and contingencies (Notes 6, 7, 8 and 9)		
Member's equity (deficit)	<u>(1,815,823)</u>	<u>2,394,209</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	<u>\$ 1,854,302</u>	<u>\$ 8,589,724</u>

See accompanying notes to financial statements.

SEVA BEAUTY, LLC
(A Limited Liability Company)
STATEMENTS OF INCOME AND MEMBER'S EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:			
Franchise fees	\$ 2,040,000	\$ 1,097,750	\$ 4,162,751
Royalty income	2,428,467	2,560,969	1,934,778
Administration fees	127,000	815,000	543,500
Leasing revenues	4,869,590	4,900,533	3,942,395
Other revenues	<u>105,856</u>	<u>206,611</u>	<u>219,265</u>
Total revenues	9,570,913	9,580,863	10,802,689
Selling, general and administrative expenses	<u>9,299,258</u>	<u>6,911,323</u>	<u>7,625,898</u>
Income from operations	271,655	2,669,540	3,176,791
Other income:			
Interest income	<u>-</u>	<u>-</u>	<u>540</u>
Net income	271,655	2,669,540	3,177,331
Member's equity - beginning	2,394,209	2,649,714	137,383
Distributions to member	<u>(4,481,687)</u>	<u>(2,925,045)</u>	<u>(665,000)</u>
MEMBER'S EQUITY (DEFICIT) - ENDING	<u><u>\$ (1,815,823)</u></u>	<u><u>\$ 2,394,209</u></u>	<u><u>\$ 2,649,714</u></u>

See accompanying notes to financial statements.

SEVA BEAUTY, LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:			
Net income	\$ 271,655	\$ 2,669,540	\$ 3,177,331
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	8,069	9,004	10,897
Changes in assets and liabilities:			
Restricted cash	25,020	25,000	135,020
Accounts receivable	103,893	22,390	(107,480)
Notes receivable	-	-	11,696
Prepaid expenses and other current assets	949,624	125,406	(430,394)
Accounts payable and accrued expenses	275,791	124,653	167,820
Funds designated for franchisee advertising	(194,843)	170,471	338,131
Security deposits	32,676	-	10,758
Deferred franchise fees	(2,060,000)	(745,500)	611,500
Deferred administration fees	(145,000)	(415,000)	585,000
Deferred initial fees	-	-	(309,296)
Security deposits payable	<u>(401,338)</u>	<u>(240,747)</u>	<u>1,131,561</u>
Net cash provided by (used in) operating activities	<u>(1,134,453)</u>	<u>1,745,217</u>	<u>5,332,544</u>
Cash used in investing activities:			
Purchases of property and equipment	<u>-</u>	<u>(2,173)</u>	<u>(176,244)</u>
Cash flows from financing activities:			
Due from related parties	-	-	132,900
Distributions to member	<u>(4,481,687)</u>	<u>(2,925,045)</u>	<u>(665,000)</u>
Net cash used in financing activities	<u>(4,481,687)</u>	<u>(2,925,045)</u>	<u>(532,100)</u>
Net increase (decrease) in cash	(5,616,140)	(1,182,001)	4,624,200
Cash - beginning	<u>6,886,671</u>	<u>8,068,672</u>	<u>3,444,472</u>
CASH - ENDING	<u>\$ 1,270,531</u>	<u>\$ 6,886,671</u>	<u>\$ 8,068,672</u>

See accompanying notes to financial statements.

SEVA BEAUTY, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016

NOTE 1. NATURE OF BUSINESS

Seva Beauty, LLC (the "Company"), an Illinois limited liability company, was formed on January 6, 2010. The Company is a wholly-owned subsidiary of SEVA Holdings, LLC (the "Parent"). The Company is the franchisor of beauty studio franchises under the trade name "SEVA," through a license agreement with an affiliate related by common ownership, throughout the United States of America.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company's financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and cost recognition

Royalties are recognized based on franchisees' reported sales. Initial franchise fees, administration fees, and other initial fees, are deferred until the related store is opened and the Company has performed substantially all of the initial services pursuant to the franchise agreement.

The Company defers those direct and incremental costs associated with the sale of franchises for which revenue is deferred. Deferred costs are charged to earnings when the related deferred franchise fees are recognized as revenue.

Leasing revenue from franchisees is recognized pursuant to the terms of the leases.

Restricted cash

Restricted cash represents cash from franchise fees received, required to be segregated in a separate bank account by one of the states the Company does business in. The restricted cash cannot be disbursed unless there is authorization from the state.

Accounts and notes receivable

Trade accounts and notes receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

SEVA BEAUTY, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs, independent of the funds designated for franchisee advertising, are expensed as incurred and amounted to \$17,912 and \$39,148 for the years ended December 31, 2017 and 2016, respectively. There were no advertising costs incurred during the year ended December 31, 2018.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Equipment	5 years
Furniture and fixtures	7 years
Vehicles	5 years
Leasehold improvements	Term of lease
Building	39 years

Security deposits payable

The Company collects security deposits from its franchisees when the Company's franchisees sign their respective sublease with the Company.

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the Parent for the years ended December 31, 2018 and 2017. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

SEVA BEAUTY, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingencies

The Company records accruals for contingencies when information available to the Company indicates that it is possible that a liability has been incurred and the amount of the loss can be reasonably estimated. Predicting the outcomes of claims that may arise and estimating the related costs and exposures involve substantial uncertainties that could cause actual costs to vary materially from estimates.

Franchised and Company-owned studios

The following data presents the status of the Company's franchised outlets as of and for the year ended December 31:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Franchises sold	3	21	188
Franchises terminated	24	27	17
Franchises purchased	-	-	-
Franchised outlets in operation	162	185	184
Franchisor-owned outlets in operation	-	-	-
Affiliate-owned outlets in operation	-	-	-

Recently issued but not yet effective accounting pronouncements

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended (commonly referred to as "ASC 606"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. ASC 606 replaces most existing revenue recognitions standards in U.S. GAAP, including industry specific standards, when it becomes effective. This standard is effective for years beginning after December 15, 2018. The standard permits the use of either the retrospective or cumulative transition method. The Company is currently completing its initial assessment and evaluation of the effects ASC 606 will have on the Company's financial statements and related disclosures.

The Company does not expect the adoption of ASC 606 to have a significant impact on the recognition of franchise royalties. The adoption of ASC 606 may result in a deferral of the recognition of all or a portion of initial franchise fees, area development and renewal fees over the term of the underlying franchise agreement. The Company will be required to assess whether pre-opening activities contain separate performance obligations that are consistent with the criteria in ASC 606 to be accounted for separately from the license of its intellectual property and the amount of consideration to be allocated to those distinct performance obligations. In addition, the Company expects, at a minimum, the primary impact of adoption will be expanded disclosures that will enable users to better understand the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers.

SEVA BEAUTY, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncements (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability, and disclosure of key information pertaining to leasing arrangements. ASU No. 2016-02 will be effective for the year ending December 31, 2020, with early adoption permitted. The Company is currently evaluating the impact the adoption of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through March 26, 2019, the date on which these financial statements were available to be issued. Other than as disclosed in Note 9, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. CONCENTRATION OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with major financial institutions.

Concentration of credit risk with respect to receivables is limited due to the large number of franchisees in the Company's customer base and their geographic dispersion.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment are categorized as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Machinery and equipment	\$ 21,423	\$ 21,423
Furniture and fixtures	6,174	6,174
Building	149,808	149,808
Land	<u>26,436</u>	<u>26,436</u>
	203,841	203,841
Less: accumulated depreciation	<u>36,329</u>	<u>28,260</u>
Property and equipment, net	\$ <u><u>167,512</u></u>	\$ <u><u>175,581</u></u>

Depreciation expense aggregated \$8,069, \$9,004 and \$10,897 for the years ended December 31, 2018, 2017 and 2016, respectively.

SEVA BEAUTY, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016

NOTE 5. DEFERRED FRANCHISE FEES

The Company has entered into agreements with various parties for the sale of franchises. Among other things, the franchise agreements provide for the payment to the Company of a non-refundable franchise fee. Franchise fees received and unearned are reported as "Deferred franchise fees" in the accompanying balance sheets and amounted to \$1,248,000 and \$3,308,000 at December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, \$318,614 and \$1,268,238, respectively, of related direct and incremental costs incurred have been deferred and included in "Prepaid expenses" in the accompanying balance sheets.

NOTE 6. DEFERRED ADMINISTRATION FEES

During 2017, the Company collected non-refundable administration fees for guidance through site selections, Spa-in-a-box program, orientation and other lease-related services as described in the franchise agreements. The administration fees received and unearned are reported as "Deferred administration fees" in the accompanying balance sheet and amounted to \$25,000 and \$170,000 at December 31, 2018 and 2017, respectively.

NOTE 7. FUNDS DESIGNATED FOR FRANCHISEE ADVERTISING

The Company has the right to charge an advertising fee to its franchisees. Under the terms of the franchise agreements, the Company is obligated to spend the amounts received (when collected from the franchisees) solely on advertising and related expenses for the benefit of the franchisees. The Company has the general discretion as to the nature of the advertising obtained, as long as it is related to the business of the franchisees. Funds collected and unused totaled \$313,759 and \$508,602 as of December 31, 2018 and 2017, respectively.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Lease agreements

The Company has a master lease agreement with a national retail chain and has various individual operating lease agreements for rental space expiring through 2024 in connection with the master lease agreement. Minimum required lease payments through the remainder of the leases are as follows:

<u>Year Ending December 31:</u>	<u>Minimum Lease Payments</u>	<u>Sublease Income</u>
2019	\$ 2,783,880	\$ (2,783,880)
2020	1,577,987	(1,577,987)
2021	731,007	(731,007)
2022	106,427	(106,427)
2023	11,550	(11,550)
Thereafter	<u>550</u>	<u>(550)</u>
Total	<u>\$ 5,211,401</u>	<u>\$ (5,211,401)</u>

SEVA BEAUTY, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease agreements (continued)

In addition to base rent, the Company pays percentage rent calculated as 1% of the franchisee's sales. For the years ended December 31, 2018, 2017 and 2016, the Company's rental expense was \$4,885,977, \$4,757,790 and \$3,901,801, respectively. The Company sublets certain retail space; therefore, the Company's minimum lease payments for these operating lease obligations are paid by the sublessee to the Company. Sublease income from franchisees aggregated \$4,869,590, \$4,900,533 and \$3,942,395 for the years ended December 31, 2018, 2017 and 2016, respectively.

The Company receives certain rental payments from its franchisees in advance of occupying their location pursuant to the sublease agreements. These advance payments are recognized in income when the franchisee's studio opens. The advance payments are included in "Deferred initial fees" in the accompanying balance sheets and amounted to \$7,500 at both December 31, 2018 and 2017. The Company collects a security deposit which is included in "Security deposits payable" in the accompanying balance sheets and amounted to \$1,458,925 and \$1,860,263 at December 31, 2018 and 2017, respectively.

NOTE 9. LITIGATION

During the year ended December 31, 2018, the Company was a defendant in a number of lawsuits and arbitration matters, some of which were for substantial amounts, arising in the ordinary course of business. Except for the matter discussed in the next paragraph, management believes that there are no other matters that exist, both in the aggregate and individually, that will have a material adverse impact on the Company's financial position, results of operations and cash flows.

During the year ended December 31, 2018, the Company was involved in a material litigation which resulted in a total settlement of \$2,165,000, of which \$350,000 was settled in February 2019, which represents the entire financial obligation in connection with the settlement. The Company paid \$1,330,000 in settlement expenses during the year ended December 31, 2018 and has an accrued balance at December 31, 2018 of \$350,000 included in "Accounts payable and accrued expenses" in the accompanying financial statements. The remaining \$485,000 was paid from the insurance proceeds related to the Company's claim with its insurance company for this lawsuit. The settlement expense of \$1,680,000 for the year ended December 31, 2018, is included in "Selling, general and administrative expenses" in the accompanying statements of income and member's equity (deficit). The settlement provides for the full release of all claims against the Company and any and all other persons, entities, including without limitation the Company's franchisees, affiliates, employees, agents, and attorneys that could have been brought in the lawsuit.

EXHIBIT D
FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

SEVA BEAUTY, LLC (“we,” “us,” or “our”) and the undersigned franchisee,

_____, (“you” or “your”), currently are parties to a certain franchise agreement (the “Franchise Agreement”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document (the “Release”). You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, members, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “SEVA Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the SEVA Parties, including without limitation, Claims (1) arising out of or related to the SEVA Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the SEVA Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the SEVA Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

Furthermore, you agree not to (and to use your best efforts to cause the Releasing Parties not to) 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 SEVA® brand, the SEVA® franchise system, any SEVA® Studio, any business using the SEVA® Marks, or which would subject the SEVA® brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the SEVA® brand.

If the franchise you operate under the Franchise Agreement is located in California or you are a resident of California, the following shall apply:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE 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 OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE SEVA PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE SEVA PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, 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 RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE 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 franchise is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Release on the date stated below.

FRANCHISOR:

SEVA BEAUTY, LLC,
an Illinois limited liability company

By: _____
Title: _____
Dated: _____

FRANCHISEE:

(If FRANCHISEE is a corporation)
Name of Corporation

By: _____
Title: _____
Dated: _____

(If FRANCHISEE is an individual owner,
FRANCHISEE must sign below; if a partnership,
all partners must sign below)

Franchisee Date

Franchisee Date

Franchisee Date

Franchisee Date

(If Franchisee is a Limited Liability Company)

Name of Limited Liability Company

By: _____
Title: _____
Dated: _____

EXHIBIT E
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SEVA FRANCHISE ONLINE OPERATIONS MANUAL

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EXHIBIT F

LIST OF FRANCHISEES

EXHIBIT F**LIST OF FRANCHISEES
(As of December 31, 2018)**

ALABAMA	
M&A BEAUTY SALON LLC Moyees Merchant 5335 Highway 280 Hoover, AL 35242 Telephone: (404) 723-1396	DHAIRYA INC Hasmukh Bhadiyadra 6140A University Drive Huntsville, AL 35806 Telephone: (256) 945-7826
ARIZONA	
DTZ ENTERPRISES INC Dennis Cady 13055 W Rancho Santa Fe Blvd Avondale, AZ 85392 Telephone: (623) 935-5084	BRIDAL BY DEENA LLC Deena Mali 5010 North 95Th Avenue Glendale, AZ 85305 Telephone: (623) 872-9504
OMOWLA LLC Irfan Ali 2501 West Happy Valley Road Phoenix, AZ 85085 Telephone: (623) 251-6998	BOLLYWOOD BRIDES I LLC Deena Mali 1607 W Bethany Home Rd Phoenix, AZ 85015 Telephone: (602) 864-7382
SAHANA LLC Dayana Patel 6145 N 35th Ave Phoenix, AZ 85017 Telephone: (602) 249-9000	
ARKANSAS	
S CAMPBELL INC Sherrye Campbell 400 Bryant Avenue Bryant, AR 72022 Telephone: (501) 943-7770	
CALIFORNIA	
AIIR INC Irfan Ali 6225 Colony Street Bakersfield, CA 93307 Telephone: (661) 855-5911	RAYYEZ INC Irfan Ali 2601 Fashion Pl. Bakersfield, CA 93306 Telephone: (661) 871-5911
AIIR INC Irfan Ali 5075 Gosford Rd. Bakersfield, CA 93313 Telephone: (661) 664-5911	NIASHKA BEAUTY CORPORATION Pranavkumar Patel 3943 Grand Ave. Chino, CA 91710 Telephone: (909) 627-7206
LSR HOLDING LLC Raju Das 1360 Eastlake Pkwy Chula Vista, CA 91915 Telephone: (619) 882-2282	MANNAT BEAUTY INC Tejinder Singh 1185 Herndon Ave. Clovis, CA 93612 Telephone: (599) 299-4600

MANNAT BEAUTY INC Tejinder Singh 770 W El Monte Way Dinuba, CA 93618 Telephone: (559) 691-6001	VATIKA LLC Anupama Kohli 40580 Albrae St Fremont, CA 94538 Telephone: (510) 244-4090
MANNAT BEAUTY INC Tejinder Singh 5125 East Kings Canyon Rd. Fresno, CA 93727 Telephone: (559) 455-0700	MANNAT BEAUTY, INC. Tejinder Singh 4080 W Shaw Ave Fresno, CA 93711 Telephone: (559) 277-8888
R&I ROYAL ENTERPRISES INC Iqbal Singh Grewal 1528 E Champlain Drive Fresno, CA 93720 Telephone: (559) 375-1117	MANNAT BEAUTY INC Tejinder Singh 250 South 12th Avenue Hanford, CA 93230 Telephone: (559) 587-5744
LSR HOLDING LLC ¹ Raju Das 732 Center Dr San Marcos, CA 92069 Telephone: (760) 741-3494	SNS SALON Nimesh Solanki 3223 E. Hammer Ln. Stockton, CA 95212 Telephone: (209) 949-2616
K&W ASSET MANAGEMENT INC ¹ Danny Kan 19503 Normandie Ave. Torrance, CA 90501 Telephone: (310) 320-7382	SNS SALON Nimesh Solanki 2111 Fulkerth Road Turlock, CA 95380 Telephone: (510) 468-7224
COLORADO	
POOJA AND TRIPTI'S LLC Pooja Shrestha 6101 South Aurora Parkway Aurora, CO 80016 Telephone: (303) 990-2031	Everest Beauty LLC Kopila Neupane 9400 E Hampden Ave Denver, CO 80231 Telephone: (303) 755-0012
POOJA AND TRIPTI'S LLC Pooja Shrestha 200 W 136 th Ave Westminster, CO 80234 Telephone: (303) 252-1449	
CONNECTICUT	
NOOR EYEBROWS AND MORE LLC Mohammad Usman 515 Saw Mill Rd West Haven, CT 06516 Telephone: (203) 479-8960	
FLORIDA	
DEVIYA LLC Jai Shree Bhandari 1700 S Org Blsmtrail Apopka, FL 32703 Telephone: (407) 464-1939	AMLEX LLC Mark Ferguson 6225 E State Road 64 Bradenton, FL 34208 Telephone: (941) 708-0716

BELLISSIMO BRANDON LLC Shamsha Isani 11110 Causeway Blvd Brandon, FL 33511 Telephone: (813) 654-4273	GDS BEAUTY LLC Vaishali Gheewala 10500 West Colonial Drive Ocoee, FL 34761 Telephone: (407) 654-0757
MMA THREADING SALON LLC Moyees Merchant 3101 West Princeton St Orlando, FL 32808 Telephone: (407) 292-5884	MM ORLANDO BEAUTY LLC Moyees Merchant 5991 South Goldenrod Road Orlando, FL 32822 Telephone: (321) 800-6688
S & K BEAUTY INC Sonia Ghanjal 151 Southeast 184th Avenue Pembroke Pines, FL 33029 Telephone: (954) 447-1063	VAIKUNTHA LLC Priyam Jariwala 8001 US Highway 19 N Pinellas Park, FL 33781 Telephone: (727) 592-1232
MCLAUGHLIN SALONS LLC Tom McLaughlin 2300 West Atlantic Blvd Pompano Beach, FL 33069 Telephone: (954) 388-2369	
GEORGIA	
ELAKSHI LLC Shamsha Isani 1133 Ew Connector Sw Austell, GA 30106 Telephone: (770) 694-1637	M&M BEAUTY SALON LLC Moyees Merchant 3795 Buford Drive Buford, GA 30519 Telephone: (770) 904-4999
MAM BEAUTY SALON LLC Moyees Merchant 1500 Market Place Boulevard Cumming, GA 30041 Telephone: (470) 281-5646	MMA THREADING SALON LLC Moyees Merchant 2635 Pleasant Hill Road Duluth, GA 30096 Telephone: (678) 585-3721
SHIV SHAKTI 2016 INC Pradip Patel 751 W Oglethorpe Hwy Hinesville, GA 31313 Telephone: (912) 877-2509	DIAMOND BEAUTY SALON LLC Moyees Merchant 5900 Sugarloaf Pkwy Lawrenceville, GA 30043 Telephone: (678) 847-0244
M&M BEAUTY SALON LLC Moyees Merchant 5401 Fairington Road Lithonia, GA 30038 Telephone: (770) 987-2610	RUNNING HORSE LLC Shehzad Lutfeali 210 Cobb Pkwy S Marietta, GA 30060 Telephone: (678) 503-2133
CAMGOLAN ENTERPRISES LLC Maria Chuma-Okere 970 Mansell Rd. Roswell, GA 30076 Telephone: (770) 649-0704	DIAMOND BEAUTY SALON LLC Moyees Merchant 1550 Scenic Hwy N Snellville, GA 30078 Telephone: (470) 349-8999

SWAKSHI LLC Shamsha Isani 5600 N Henry Blvd Stockbridge, GA 30281 Telephone: (470) 488-1706	MAM BEAUTY SALON LLC Moyees Merchant 1825 Rockbridge Rd. Stone Mountain, GA 30087 Telephone: (770) 469-5700
M&M BEAUTY SALON LLC Moyees Merchant 3245 Lawrenceville Suwanee Rd Suwanee, GA 30024 Telephone: (678) 926-3678	
ILLINOIS	
JAY MADI EYEBROW INC Manilal Patel 2900 Kirk Rd. Aurora, IL 60502 Telephone: (630) 820-1111	SHIVAMSEVA2 INC Nilam Patel 801 North Randall Road Batavia, IL 60510 Telephone: (630) 482-9088
TISHA EYEBROW INC Vipul Patel 7050 S. Cicero Ave Bedford Park, IL 60638 Telephone: (708) 458-0899	SZ KHAN AND ASSOCIATES Sofia Khan 314 W. Army Trail Rd. Bloomington, IL 60108 Telephone: (630) 893-0183
HEMU THREADING INC Girish Patel 2080 N. St. Route 50 Bradley, IL 60914 Telephone: (815) 348-2862	LAXMI EYEBROW INC Ashvinkumar Patel 10260 South Harlem Avenue Bridgeview, IL 60455 Telephone: (708) 252-5636
HARI OM SHIV SAKTI SALON INC Varun Vij 365 Lake Marian Road Carpentersville, IL 60110 Telephone: (847) 844-1035	VERAI KRUPA INC Nitin Patel 2610 N. Prospect Champaign, IL 61822 Telephone: (217) 359-3251
RADHE KRISHNA EYEBROW INC Manilal Patel 8331 South Stewart Avenue Chicago, IL 60620 Telephone: (872) 818-5666	HARI OM SHREE MAHADEV INC Varun Vij 10900 South Doty Avenue Chicago, IL 60628 Telephone: (312) 623-1463
KGF ENTERPRISES INC Ken Dickerson 7601 South Cicero Avenue Chicago, IL 60652 Telephone: (872) 267-5075	SADHI MAA EYEBROW INC Ashvinkumar Patel 444 Chicago Ridge Mall Chicago Ridge, IL 60415 Telephone: (708) 634-3331

SHIV SHAKTI EYEBROW INC Ashvinkumar Patel 3320 South Cicero Ave. Cicero, IL 60804 Telephone: (708) 222-5555	KRISHA PATEL INC Nitin Patel 4005 167 th St Country Club Hills, IL 60478 Telephone: (708) 799-6727
VALAJI SPA LLC Mixu Patel 1205 Illinois Rt 31 South Crystal Lake, IL 60014 Telephone: (815) 459-1062	HARIOM SALON INC Vipul Patel 1300 Des Plaines Ave Forest Park, IL 60130 Telephone: (708) 323-2987
UMIYA EYEBROW INC Vipul Patel 7505 West Roosevelt Road Forest Park, IL 60130 Telephone: (708) 689-0679	SHIV SAKTI SALON INC Varun Vij 9450 Joliet Rd Hodgkins, IL 60525 Telephone: (773) 954-8958
JAY HANUMAN EYEBROW INC Vipul Patel 17550 South Halsted St Homewood, IL 60430 Telephone: (708) 214-2709	NVDURGA CORP Mala Shah 12300 Route 47 Huntley, IL 60142 Telephone: (224) 858-7224
DEEVA 11 INC Archana Patel 17643 S Torrance Ave Lansing, IL 60438 Telephone: (708) 251-5227	DEEVA BEAUTY 07 INC Archana Patel 16241 S. Farrell Rd. Lockport, IL 60441 Telephone: (708) 990-7133
SQUARE PEGS SERVICES INC Basheer Hassan 2000 Orchard Rd. Montgomery, IL 60538 Telephone: (630) 892-3634	SHIVAMSEVA1 INC Nilam Patel 333 E US Route 6 Morris, IL 60450 Telephone: (815) 710-5065
BEENA HAIR SALON INC ¹ Lalbhai Patel 930 Mt. Prospect Plaza Mt. Prospect, IL 60056 Telephone: (773) 982-8963	PINAL INC Dipesh Soni 501 E. Lincoln Highway New Lenox, IL 60451 Telephone: (815) 320-6222
HARIOM SALON INC ¹ Vipul Patel 5630 W Touhy Ave Niles, IL 60714 Telephone: (847) 999-0995	YUG PATEL INC Nitin Patel 3000 Greenbriar Drive Normal, IL 61761 Telephone: (309) 307-3731
DEV EYEBROW INC Vipul Patel 137 W North Ave. Northlake, IL 60164 Telephone: (708) 397-5032	GANESH 1556 INC Manilal Patel 9245 159 th St. Orland Hills, IL 60487 Telephone: (708) 364-6666
SHREE MAHADEV INC Varun Vij 21000 Western Avenue Olympia Fields, IL 60461 Telephone: (708) 283-5185	MSR UNITED INC Mohammad Awan 2300 US Highway 34 Oswego, IL 60543 Telephone: (630) 554-4808

OM SHIV SAKTI SALON INC Varun Vij 1555 North Rand Road Palatine, IL 60074 Telephone: (847) 202-2202	ARBAZ ALINA INC Mohammed Khan 12690 S Route 59 Plainfield, IL 60585 Telephone: (815) 254-4290
ARBAZ ALINA INC Mohammed Khan 420 Weber Rd. Romeoville, IL 60446 Telephone: (815) 254-1430	JAY AMBE EYEBROW INC Manilal Patel 22401 Central Avenue Richton Park, IL 60471 Telephone: (708) 701-4240
SHIVAMSEVA1 INC Nilam Patel 1401 IL Route 59 Shorewood, IL 60431 Telephone: (815) 609-2955	DEV SALON INC Diptesh Patel 1100 Lejune Dr Springfield, IL 62703 Telephone: (217) 210-2388
OM DEV SALON INC Varun Vij 2760 No. Dirksen Pkwy Springfield, IL 62702 Telephone: (217) 528-3892	OM SHREE MAHADEV INC Varun Vij 850 South Barrington Road Streamwood, IL 60107 Telephone: (630) 289-6418
DURGA EYEBROW INC Vipul Patel 1455 E Lake Cook Rd Wheeling, IL 60639 Telephone: (847) 520-8274	
INDIANA	
SHEBHLABH INC Pinal Patel 175 Country Road #6 West Elkhart, IN 46514 Telephone: (574) 206-0982	ALL ABOUT BEAUTY LLC Alan Adams 8300 E. 96 th St. Fishers, IN 46038 Telephone: (317) 913-1822
DURGA EYEBROW INC Manilal Patel 7850 Cabela Dr Hammond, IN 46320 Telephone: (219) 803-2852	4631 THREADING INC Girish Patel 1100 5th Avenue Hammond, IN 46320 Telephone: (219) 370-5090
SAIKRUPA LLC Kunjal Patel 3221 W. 86 th St. Indianapolis, IN 46268 Telephone: (317) 870-9920	NARAYAN THREADING LLC Girish Patel 10617 East Washington Street Indianapolis, IN 46231 Telephone: (317) 897-8548
SAI EYEBROW THREADING LLC Kunjal Patel 7325 N. Keystone Rd. Indianapolis, IN 46240 Telephone: (317) 251-3937	HEMU THREADING INC Girish Patel 4545 Lafayette Rd. Indianapolis, IN 46254 Telephone: (317) 297-9011

BAKUL THREADING LLC Bakul Patel 10735 Pendleton Pike Lawrence, IN 46236 Telephone: (732) 874-3009	1618 THREADING INC Girish Patel 2936 East 79Th Avenue Merrillville, IN 46410 Telephone: (219) 718-3235
SHEBHLABH INC Pinal Patel 316 Indian Ridge Blvd Mishawaka, IN 46545 Telephone: (574) 243-3333	
KANSAS	
L & RK GRAHAM LLC Randi Kay Graham 10600 W 21 st Wichita, KS 67205 Telephone: (316) 773-2252	L & RK GRAHAM LLC Randi Kay Graham 7700 East Kellogg Drive Wichita, KS 67207 Telephone: (316) 239-6250
KENTUCKY	
SAI BEAUTY LLC Kuldipak Patel 175 Outer Loop Louisville, KY 40214 Telephone: (502) 822-3669	
LOUISIANA	
NEETU BEAUTY EXPRESS LLC Navneet Kaur 3451 Nelson Rd Lake Charles, LA 70605 Telephone: (337) 429-5253	
MARYLAND	
OM TRISHUL LLC Isha Gurung 645 South Philadelphia Boulevard Aberdeen, MD 21001 Telephone: (410) 272-7222	AAN1 LLC Navin Patel 3601 Washington Blvd Arbutus, MD 21227 Telephone: (410) 242-2244
BL ENTERPRISES LLC Pradip Patel 6420 Petrie Way Road Baltimore, MD 21237 Telephone: (443) 982-2078	KAREENA LLC Mosami Saywack 1 Frankel Way Cockeysville, MD 21030 Telephone: (410) 666-3698
KAREENA LLC Mosami Saywack 2399 North Point Boulevard Dundalk, MD 21222 Telephone: (410) 288-0829	NIMBA LLC Navin Patel 6721 Chesapeake Center Dr. Glen Burnie, MD 21060 Telephone: (410) 424-2115

YUMNA ENTERPRISE INC Khadaker Anwar 7081 Arundel Mills Circle Hanover, MD 21076 Telephone: (410) 796-1691	NIMBA 2 LLC Navin Patel 407 George Claus Boulevard Severn, MD 21144 Telephone: (410) 787-2200
MASSACHUSETTS	
ARYA INC Isabella Roversi 780 Lynnway Lynn, MA 01905 Telephone: (781) 595-4200	Girish Patel 333 Main Street Tewksbury, MA 01876 Telephone: (315) 491-6614
MICHIGAN	
LEISHA ENTERPRISE LLC Vipul Patel 29555 Plymouth Road Livonia, MI 48150 Telephone: (734) 466-5222	
MINNESOTA	
VIN VIN INC Sri Vinjamuri 4369 Ball Road Ne Blaine, MN 55449 Telephone: (763) 783-7934	
MISSISSIPPI	
MS BEAUTY SALON LLC Moyees Merchant 3615 Sangani Blvd Diberville, MS 39540 Telephone: (228) 396-8467	
NEW JERSEY	
SEVASYS LLC Ravikumar Bajagur 326 W. Main St. Freehold, NJ 07728 Telephone: (732) 414-1970	Hetal Varadia 48 State Rt 23 Riverdale, NJ 07457 Telephone: (973) 616-2556
MADHAV BEAUTY CLINIC INC Meera Gohel 1400 Willowbrook Mall Wayne, NJ 01470 Telephone: (973) 256-2999	GLOW BEAUTY INC Vijay Gupta 306 US Highway 9N Woodbridge, NJ 07095 Telephone: (732) 442-2496
NEW YORK	
SHREEJI BEAUTY INC Kiran Thakkar 965 Broadhollow Rd Farmingdale, NY 75067 Telephone: (631) 247-6578	
NORTH CAROLINA	

ANJ GROUP INC Namrata Patel 4431 New Bern Ave. Raleigh, NC 27610 Telephone: (919) 521-4325	ANJ GROUP INC Namrata Patel 1725 New Hope Church Rd Raleigh, NC 27609 Telephone: (919) 916-5911
SHRILAXMI SERVICES LLC Sonal Smallwood 4500 Fayetteville Road Raleigh, NC 27603 Telephone: (919) 773-1253	
OREGON	
ANITA ENTERPRISES INC Anita Parashar 4550 West 11th Avenue Eugene, OR 97402 Telephone: (541) 735-5225	
PENNSYLVANIA	
ANGEL BEAUTY LLC Prem Bansal 2150 Wilkes Barre Township Mktp Wilkes Barre, PA 18702 Telephone: (570) 709-7825	
PUERTO RICO	
Z ENTERPRISES LLC Eduardo Zúñiga Plz Calle Centl State 1 735 Cayey, PR 00736 Telephone: (787) 263-6109	
SOUTH CAROLINA	
RAYYEZ INC Irfan Ali 805 Hwy 9 Bypass West Lancaster, SC 29720 Telephone: (803) 285-5445	
TENNESSEE	
S&S BEAUTY LLC Sharda Patel 1680 Fort Campbell Blvd Clarksville, TN 37042 Telephone: (931) 551-4221	SJH LLC Sharda Patel 3050 Wilma Rudolph Blvd Clarksville, TN 37040 Telephone: (931) 919-2603

OM & MANSI LLC Sumankumar Patel 3600 Mallory Lane Franklin, TN 37067 Telephone: (615) 771-2811	OM & MANSI LLC Sumankumar Patel 5511 Murfreesboro Road La Vergne, TN 37086 Telephone: (615) 984-0066
SJH LLC Sharda Patel 615 South Cumberland Street Lebanon, TN 37087 Telephone: (615) 965-2569	OM & NOSHI LLC Sumankumar Patel 3035 Hamilton Church Rd. Nashville, TN 37013 Telephone: (615) 360-5657
OM & MANSI LLC Sumankumar Patel 5824 Nolensville Pike Nashville, TN 37211 Telephone: (615) 332-3997	
TEXAS	
FAIR BEAUTY SALON INC Amina Kachi 400 Highway 35 Byp N Alvin, TX 77511 Telephone: (281) 245-6766	TJS GUEST EXPERIENCES INC Thomas Schneider 12900 No. I-35 Svc Rd Sb Austin, TX 78753 Telephone: (512) 792-9920
ALEXION CORP Michael Davis 26270 Northwest Fwy Cypress, TX 77429 Telephone: (281) 746-7153	S2N2 ENTERPRISES INC Sajida Ahmed 8520 North Beach Street Fort Worth, TX 76244 Telephone: (817) 893-5530
JSRC HOLDINGS LLC Rahul Chahal 12220 FM 423 Frisco, TX 75033 Telephone: (214) 469-4713	KINGKAROWADIA LLC Zulfikar Karowadia 2727 Dunvale Road Houston, TX 77063 Telephone: (832) 868-3497
LORD SHIVA INC ¹ Suneeta Sharma 3506 Highway 6S Houston, TX 77082 Telephone: (281) 759-7382	ANASA LLC Samia Hashmi 1732 Precinct Line Road Hurst, TX 46054 Telephone: (817) 428-5306
SRSQSOLUTIONS LLC Raju Bingi 4100 W Airport FWY Irving, TX 75062 Telephone: (972) 782-2616	NRG FACES INC Neelkanth Gupte 6060 N Fry Rd Katy, TX 77449 Telephone: (713) 304-6525

FAIR BEAUTY SALON INC Amina Kachi 25108 Market Place Dr. Katy, TX 77494 Telephone: (281) 769-1251	ANTHONY MOSES ENTERPRISES INC Sandra Moses 190 E Round Grove Rd Lewisville, TX 75067 Telephone: (972) 315-0898
REIGN FALLS II INC Pamela Faison 1209 South Interstate 35 New Braunfels, TX 78130 Telephone: (830) 620-9164	TOUCH N GLOW INC Amina Kachi 1919 North Main Street Pearland, TX 77581 Telephone: (346) 888-5030
SAHIYA ENTERPRISES INC Mahesh Sashital 5330 Fm1640 Richmond, TX 77469 Telephone: (281) 545-0075	THREADON LLC Akbar Ali 1200 Se Military Drive San Antonio, TX 78214 Telephone: (210) 370-9567
PSFRY INC Patrick Fry 1025 Sawdust Road Spring, TX 77380 Telephone: (281) 292-6550	3JM BEAUTY LLC Jessica Velasco 3040 College Park Drive The Woodlands, TX 77384 Telephone: (305) 205-7988
VIRGINIA	
ONESEVA INC Naveen Gupta 5885 Kingstowne Blvd Alexandria, VA 22315 Telephone: (703) 971-3296	LIVE TO GIVE LLC Sunil Lalwani 11750 Fair Oaks Mall Fairfax, VA 22033 Telephone: (703) 259-9815
SHUMO GLOBAL LLC Shubhi Sethi 13059 Fair Lakes Parkway Fairfax, VA 22033 Telephone: (703) 222-0101	SHUMO GLOBAL LLC Shubhi Sethi 14000 Worth Avenue Woodbridge, VA 22192 Telephone: (571) 659-4927
WASHINGTON	
V&P SERVICES LLC ¹ Mai Nguyen 743 Rainier Avenue South Renton, WA 98057 Telephone: (425) 793-7282	
WISCONSIN	
SEVAWI GROUP LLC Michael Logelin 3355 South 27Th Street Milwaukee, WI 53215 Telephone: (414) 210-5999	

¹ These locations were terminated between January 1, 2019 and March 27, 2019.

**FRANCHISE AGREEMENTS SIGNED BUT STUDIO NOT OPEN AS OF
DECEMBER 31, 2018**

ARIZONA	
Dayana Patel Phoenix, AZ Telephone: (602) 750-9425	
CALIFORNIA	
Nimesh Solanki Tracey, CA Telephone: (510) 468-7224	Iqbal Singh Grewal Fresno, CA Telephone: (559) 801-2561
FLORIDA	
Dharati Patel Tampa, FL Telephone: (850) 376-7491	
ILLINOIS	
Vipul Patel Buffalo Grove, IL Telephone: (630) 880-8190	Ken Dickerson Chicago, IL Telephone: (312) 771-8969
TENNESSEE	
Sharda Patel Hendersonville, TN Telephone: (615) 587-8309	
TEXAS	
Zulfikar Karowadia Sugar Land, TX Telephone: (832) 868-3497	
VIRGINIA	
Sunil Lalwani Ashburn, VA Telephone: (571) 437-3817	

LIST OF FRANCHISEES WHO LEFT THE SYSTEM
(As of December 31, 2018 or Who Has Not Communicated with the Franchisor Within the
10 Weeks Prior to the Issuance Date of the Franchise Disclosure Document)

ARIZONA	
Dayana Patel ² Phoenix, AZ Telephone: (602) 750-9425	
ARKANSAS	
Balbir Mangat West Memphis, AR Telephone: (870) 629-5252	
CALIFORNIA	
Viveka Arya Fremont, CA Telephone: (510) 226-6022	Jabbar Syed Lodi, CA Telephone: (209) 368-2680
Nimesh Solanki Roseville, CA Telephone: (916) 717-3955	Suryakant Jhahria San Diego, CA Telephone: (858) 768-9951
Raju Das ³ San Marcos, CA 92069 Telephone: (760) 741-3494	Danny Kan ³ Torrance, CA 90501 Telephone: (310) 320-7382
Nimesh Solanki ² Tracey, CA Telephone: (510) 468-7224	Jabbar Syed West Sacramento, CA Telephone: (916) 823-5747
COLORADO	
Kittson Speights Aurora, CO Telephone: (303) 574-0903	Kittson Speights ¹ Denver, CO Telephone: (303) 755-0012
DELAWARE	
Winifred Kroclicik Wilmington, DE Telephone: (203) 479-8960	
FLORIDA	
Martin Willmitch ¹ Brandon, FL Telephone: (813) 654-4273	Hitesh Barvaliya Fort Myers, FL Telephone: (239) 561-4658
GEORGIA	
Stephanie Simon ¹ Stockbridge, GA Telephone: (470) 488-1706	Raxit Patel ² Macon, GA Telephone: (478) 960-3211
ILLINOIS	
Lalbhai Patel ³ Mt. Prospect, IL 60056 Telephone: (773) 982-8963	Vipul Patel ³ Niles, IL 60714 Telephone: (847) 999-0995
Hitesh Mehta Zion, IL	

If you buy this franchise, your contract information may be disclosed to other buyers when you leave the franchise system.

Telephone: (847) 731-7552	
KANSAS	
Frank LaBorde Wichita, KS Telephone: (316) 633-3990	
NEVADA	
Doug Grant Henderson, NV Telephone: (702) 558-6356	Doug Grant Las Vegas, NV Telephone: (702) 839-0888
Barb Harpling Las Vegas, NV Telephone: (702) 233-0196	
NEW JERSEY	
Vijay Gupta ² Iselin, NJ Telephone: (917) 439-3035	Meera Gohel Rockaway, NJ Telephone: (862) 244-4271
Richard Garwood Union, NJ Telephone: (908) 349-8737	
NORTH CAROLINA	
David Maxwell Charlotte, NC Telephone: (704) 870-7382	Christian Camp Indian Trail, NC Telephone: (704) 628-9000
PENNSYLVANIA	
Brian Hunter Philadelphia, PA Telephone: (215) 271-9700	Troy Livingston ² York, PA Telephone: (717) 891-0739
Troy Livingston Windsor, PA Telephone: (717) 881-0998	
TENNESSEE	
John Patterson Collegedale, TN Telephone: (423) 803-9405	Sharda Patel ² Hendersonville, TN Telephone: (615) 587-8309
Reggie Crenshaw Memphis, TN Telephone: (901) 618-2515	
TEXAS	

If you buy this franchise, your contract information may be disclosed to other buyers when you leave the franchise system.

Mona Aziz Carrollton, TX Telephone: (972) 466-3727	Narendra Kanar Garland, TX Telephone: 214-703-6793
Suneeta Sharma ³ Houston, TX 77082 Telephone: (281) 759-7382	Jayesh Patel Rowlett, TX Telephone: (214) 607-4570
Noor Ali San Antonio, TX Telephone: (210) 545-7382	
UTAH	
Steven Wood Taylorsville, UT Telephone: (801) 261-9418	
WASHINGTON	
Mai Nguyen ³ Renton, WA 98057 Telephone: (425) 793-7282	
WISCONSIN	
Tom Scheid Sheboygan, WI Telephone: (920) 212-4611	

¹These owners transferred their Studios during the 2018 fiscal year.

² These owners signed a franchise agreement, but never operated a Studio.

³ These locations were terminated between January 1, 2019 and March 27, 2019.

If you buy this franchise, your contract information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT G

STATE ADDENDA AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
SEVA BEAUTY, LLC**

The following are additional disclosures for the Franchise Disclosure Document of SEVA Beauty, 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.

CALIFORNIA

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.sevabeauty.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

4. The following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person 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. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following paragraphs are added at the end of Item 17:

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, and the law applies, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our then-current place of business (currently, Humacao, Puerto Rico) with the costs being borne as provided in the Franchise Agreement.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS

1. The following language is added to the end of Item 5 and Item 7:

Pursuant to an order of the Illinois Attorney General's Office, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with PNC Bank. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Franchised Business. A copy of the executed Escrow Agreement entered into with PNC Bank is on file with the Illinois Attorney General's Office.

2. ~~4-~~The “Summary” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois apply.

3. ~~2.~~ The following paragraph is added to the end of Item 17:

Except for U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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 outside of Illinois.

~~However, this s~~Section shall not act as a~~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 any provision of the Illinois Franchise Disclosure Act at Section 705/41 or any other law of Illinois Regulations Section 200.69 is void.~~

MARYLAND

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

1. The following is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

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

2. The following is added to the end of the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**:

~~The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.~~

3. The following sentence is added to the end of the “Summary” section of Item 17(v), entitled **Choice of forum**:

~~You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.~~

4. The following language is added to the end of the chart in Item 17:

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

MINNESOTA

1. ~~Renewal, Termination, Transfer and Dispute Resolution~~. The following is added at the end of the chart in Item 17:

~~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) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.~~

~~Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.~~

~~Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.~~

NEW YORK

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

~~INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.~~

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. ~~No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.~~
- B. ~~No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.~~
- C. ~~No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.~~
- D. ~~No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.~~

3. The following is added to the end of Item 4:

~~None of the franchisor, its affiliate, its predecessor, officers, or general partner during the 10 year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.~~

4. The following is added to the end of Item 5:

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

5. The following is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), entitled **Termination by franchisee**:

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

7. The following is added to the end of the “Summary” section of Item 17(j), entitled **Assignment of contract by franchisor**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” section of Item 17(v), entitled **Choice of forum**:

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

NORTHSOUTH DAKOTA

1. **Remedies, Liquidated Damages**. The Item 6 line item entitled **Liquidated Damages** will not be enforced to the extent prohibited by applicable law.

2. The following is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

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

3. The following is added to the end of the “Summary” section of Item 17(r), entitled **Non-competition covenants after the franchise is terminated or expires**:

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

4. The “Summary” section of Item 17(u), entitled **Dispute resolution by arbitration or mediation** is deleted and replaced with the following:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

5. The “Summary” section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

Litigation, if applicable, must be conducted in Chicago, Illinois, except that, subject to your arbitration obligation, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

RHODE ISLAND

1. The following language is added to the end of the “Summary” sections of Item 17(v), entitled **Choice of forum:**

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.”

VIRGINIA

1. The following language is added to the end of the “Summary” section of Item 17(e), entitled **Termination by franchisor without cause** Item 5 and Item 7:

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 grounds 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 an order of the Securities Regulation Office of the South Dakota Department of Insurance, we will defer collection of the initial franchise fee and other initial payments you owe us until we have complete all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Studio.

WASHINGTON

1. The following paragraph is added at the end of Item 17:

The state of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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.

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

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

THIS RIDER is made and entered into by and between **SEVA BEAUTY, LLC**, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“**we**”), and _____
a(n) _____ whose principal business address is _____
_____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (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 SEVA Studio that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. The following language is added to the end of Section 2.01 (“Initial Franchise Fee”) of the Franchise Agreement:

Pursuant to an order of the Illinois Attorney General’s Office, imposed based on our financial condition, we will, within 48 hours after we receive them, deposit all initial fees and payments received from you into an escrow account with PNC Bank. These fees will remain in escrow until we apply for and obtain their release. We will apply for the release of these funds after you have opened your Franchised Business. A copy of the executed Escrow Agreement entered into with PNC Bank is on file with the Illinois Attorney General’s Office.

3. ~~2.~~The following language is added to the end of Section 11.08 (“**Jury Waiver, Class Action Bar**”) and 11.09 (“**Waiver of Punitive Damages**”) of the Franchise Agreement:

However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois regulations at Section 200.609.

4. ~~3.~~Section 11.10 (“**Limitation of Actions**”) of the Franchise Agreement is amended by adding the following:

However, nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

5. 4.—The following language is added as Section 11.16 (“**Illinois Franchise Disclosure Act**”) of the Franchise Agreement:

Except for U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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 outside of Illinois.

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

~~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.~~

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

SEVA BEAUTY, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

{Name}
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

~~THIS RIDER is made and entered into by and between SEVA BEAUTY, LLC, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“we”), and _____ a(n) _____ whose principal business address is _____ (“you”).~~

~~1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (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 SEVA Studio that you will operate under the Franchise Agreement will be located in Maryland.~~

~~2. The following is added to the end of Sections 1.04 (“**Renewal**”) and 6.03(g) (“**General Release**”) 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. The following sentence is added to the end of Section 7.02(e) (“**Termination By Us**”) of the Franchise Agreement:~~

~~This Section 7.02(e) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).~~

~~4. The following language is added to the end of Section 11.07 (“**Consent to Jurisdiction**”) of the Franchise Agreement:~~

~~You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.~~

~~5. The following sentence is added to the end of Section 11.10 (“**Limitations of Actions**”) 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.~~

~~6. The following is added as the last paragraph of Section 11.15 (“**Acknowledgments**”) of the Franchise Agreement:~~

~~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 incurred under the Maryland Franchise Registration and Disclosure Law.~~

~~**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.~~

SEVA BEAUTY, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____

{Name}

By: _____
Name: _____

Date*: _____
_____ (*This is the Effective Date)

Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

~~THIS RIDER is made and entered into by and between SEVA BEAUTY, LLC, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“we”), and _____ a(n) _____ whose principal business address is _____ (“you”).~~

~~1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the SEVA 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. The following sentence is added to the end of Section 5.02 (“**Protection 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).~~

~~3. The following is added to the end of Sections 1.04 (“**Renewal**”) and 6.03(g) (“**General Release**”) 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.~~

~~4. The following is added to the end of Sections 1.04 (“**Renewal**”) and 7.02 (“**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.~~

~~5. The following language is added to the end of Section 8.01(n) (“**Liquidated Damages**”) 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.~~

~~6. The following language is added to the end of Section 11.07 (“**Consent to Jurisdiction**”) of the Franchise Agreement:~~

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

7. If and then only to the extent required by the Minnesota Franchises Law, Sections 11.08 (~~“Jury Waiver; Class Action Bar”~~) and 11.09 (~~“Waiver of Punitive Damages”~~) of the Franchise Agreement are deleted.

8. Section 11.04 (~~“Injunctive Relief”~~) of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks, or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. 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, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

9. The following is added to the end of Section 11.10 (~~“Limitation of Action”~~) of the Franchise Agreement:

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

~~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.

~~SEVA BEAUTY, LLC~~

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

{Name}
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK**

~~THIS RIDER is made and entered into by and between SEVA BEAUTY, LLC, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“we”), and _____ a(n) _____ whose principal business address is _____ (“you”).~~

~~1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, (the “Franchise Agreement”). This Rider is being signed because (a) you are domiciled in the State of New York and the SEVA Studio that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.~~

~~2. The following language is added to the end of Section 6.01 (“Transfer by SEVA”) of the Franchise Agreement:~~

~~However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.~~

~~3. The following is added to the end of Sections 1.04 (“Renewal”) and 6.03(g) (“General Release”) of the Franchise Agreement:~~

~~Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.~~

~~4. The following language is added to the end of Section 7.01 (“Termination by You”) of the Franchise Agreement:~~

~~You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.~~

~~5. The following statement is added at the end of Section 11.07 (“Consent to Jurisdiction”) of the Franchise Agreement:~~

~~This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.~~

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.

SEVA BEAUTY, LLC

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

FRANCHISE OWNER:

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ~~NORTH~~SOUTH DAKOTA**

THIS RIDER is made and entered into by and between **SEVA BEAUTY, LLC**, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“**we**”), and _____
a(n) _____ whose principal business address is _____
_____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (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~~domiciled in South Dakota and the SEVA Studio that you will operate under the Franchise Agreement will be located ~~or operated in North~~in South Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in ~~North~~South Dakota.

~~2. The following is added to the end of Sections 1.04 (“**Renewal**”) and 6.03(g) (“**General Release**”) of the Franchise Agreement:~~
~~Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.~~

~~3. The following is added to the end of Section 5.06 (“**Covenants 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. The following language is added to the end of Section 8.01(n) (“**Liquidated Damages**”) 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. ~~The first paragraph of Section 10 (“Arbitration”) of the Franchise 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 (or any of your owners) and us (or any of our affiliates), (b) the parties’ relationship, (c) the events leading up to the entry into this Agreement, (d) the Studio, (e) 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 10, which we and you acknowledge is to be determined by an arbitrator, not a court); and (f) 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, Humacao, Puerto Rico); 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.~~

6. ~~The following statement is added at the end of Section 11.07 (“Consent to Jurisdiction”) 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.~~

7. ~~To the extent required by the North Dakota Franchise Investment Law, 11.08 (“Jury Waiver; Class Action Bar”) and 11.09 (“Waiver of Punitive Damages”) of the Franchise Agreement are deleted.~~

8. ~~The following is added to the end of Section 11.10 (“Limitation of Action”) of the Franchise Agreement:~~

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

[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.

SEVA BEAUTY, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

{Name}
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

~~THIS RIDER~~ is made and entered into by and between ~~SEVA BEAUTY, LLC~~, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (“~~we~~”), and _____ a(n) _____ whose principal business address is _____ (“~~you~~”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (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 SEVA 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. The following statement is added at the end of Section 11.07 (“~~Consent to Jurisdiction~~” 2.01 (“**Initial Franchise Fee**”) 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.~~

Pursuant to an order of the Securities Regulation Office of the South Dakota Department of Insurance, we will defer collection of the initial franchise fee and other initial payments you owe us until we have complete all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Studio.

~~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.

SEVA BEAUTY, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

{Name}
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

~~THIS RIDER~~ is made and entered into by and between ~~SEVA BEAUTY, LLC~~, an Illinois limited liability company whose address is 295 Palmas Inn Way, Suite #104, PMB #220, Humacao, Puerto Rico 00791 (~~"we"~~), and _____ a(n) _____ whose principal business address is _____ (~~"you"~~).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (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 Washington; and/or (b) the SEVA Studio that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified as follows:

The State of Washington has a statute, RCW 19.100.180, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There might also be court decisions which supersede this Agreement in your relationship with us, including termination and renewal of your franchise.

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

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

Transfer fees are collectable if they reflect our reasonable estimate or actual costs in effecting a transfer.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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.

SEVA BEAUTY, LLC

FRANCHISE OWNER:

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

[Name]
By: _____
Name: _____
Title: _____

(*This is the Effective Date)

Date: _____

EXHIBIT H

ACH PAYMENT AUTHORIZATION FORM



295 Palmas Inn Way
Suite #104, PMB#220
Humacao, Puerto Rico 00791

ACH Recurring Payment Authorization Form

Schedule your payments to be automatically deducted from your business checking account. Just complete and sign this form to get started!

Here's How Recurring Payments Work:

You authorize regularly scheduled charges to your checking account. A receipt will be emailed to you and the charge will appear on your bank statement. You agree that no prior-notification will be provided unless the date or amount changes, in which case you will receive notice from us at least 10 days prior to the payment being collected.

Please complete the information below:

_____ authorizes SEVA Beauty LLC to charge its bank account indicated below (company name)

for royalty, financing payments, and any other amounts owed to SEVA Beauty LLC and its affiliates.

Company Name _____

Billing Address _____

Phone# _____

City, State, Zip _____

Email _____

Company Name on Account: _____

Bank Name: _____

Bank Account Number: _____

Bank Routing #: _____

Bank City/State: _____

This Business Bank Account is Enabled for ACH Transactions ☐ Yes ☐ No

SIGNATURE _____

DATE _____

NAME _____

TITLE _____

I certify that I am an authorized representative of the Company indicated above and that I have the authority to authorize these payments on the Company's behalf. Company understands that this authorization will remain in effect until it is canceled in writing, and agrees to notify SEVA BEAUTY LLC in writing of any changes in its account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted payment dates fall on a weekend or holiday, Company understands that the payments may be executed on the next business day. Company understands that because these are electronic transactions, these funds may be withdrawn from its account as soon as the above noted periodic transaction dates, and that it will have limited time to report and dispute errors. Both parties agree to be bound by NACHA Operating Rules as they pertain to these transactions. Company acknowledges that the origination of ACH transactions to its account must comply with the provisions of U.S. law. Company agrees not to dispute these scheduled transactions with its bank provided the transactions correspond to the terms indicated in this authorization form.

EXHIBIT I

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

THIS RENEWAL ADDENDUM (“Addendum”) to the Franchise Agreement is made as of the Addendum Effective Date by and among **SEVA BEAUTY, LLC (“we”)**, [REDACTED], (“**you**”), and [REDACTED], an individual and the owner of all outstanding interests in you (“**Owner**”). The Addendum Effective Date is the date on which we sign this Addendum as shown beneath our signature on the signature page of this Addendum.

RECITALS

A. We and you were parties to that certain Franchise Agreement dated [REDACTED] (the “**Prior Agreement**”), pursuant to which you were granted the right to operate a SEVA-branded studio # [REDACTED] located at [REDACTED], (the “**Studio**”).

B. The Prior Agreement is set to expire on [REDACTED], and you desire to renew your franchise by executing our current form of franchise agreement concurrently herewith (the “**Franchise Agreement**”).

C. As a result of the foregoing, you and we have agreed to modify certain terms of the Franchise Agreement to reflect that the Franchise Agreement is meant to renew the existing franchise to operate the Studio. Capitalized terms used but not defined in this Agreement have the meanings ascribed to them in the Franchise Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, the covenants set forth herein and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. **Termination of Prior Agreement.** Under the Prior Agreement, we have the right to require you sign our then current form of franchise agreement upon renewing your franchise and we have exercised our right to do so concurrently herewith. Therefore, the parties agree that the Prior Agreement is terminated as of the execution of this Addendum. You and Owner acknowledge that (a) the termination does not affect any obligations that arose or accrued under the Prior Agreement prior to the date of this Addendum, (b) you are current as of the Addendum Effective Date in all financial obligations and debts owed to us or our affiliates; and (c) and the termination of the Prior Agreement does not affect or release you from any obligations that, as provided in the Prior Agreement, survive termination of the Prior Agreement.

2. **Renewal Fee.** You agree to pay a non-refundable renewal fee of \$ [REDACTED] to us concurrently with the execution of this Addendum.

3. **Expiration of Sublease.** If you maintain a sublease with us governing the premises of the Studio (the “**Sublease**”), it expires on [REDACTED]. We have not made any representations or assurances guaranteeing that we will renew the Sublease beyond its

expiration and you are not relying on our renewing the Sublease when entering the Franchise Agreement for a renewal term.

4. **Initial Franchise Fee.** Section 2.01 of the Franchise Agreement is hereby deleted in its entirety.

5. **Grand Opening.** You will not be required to conduct a grand opening campaign pursuant to Section 2.04(a) of the Franchise Agreement if you remain at the premises of the Studio after executing the Franchise Agreement.

6. **Initial Training.** You acknowledge that we have already provided you with the Initial Training as defined in Section 3.04 of the Agreement, and you are not entitled to receive Initial Training as a result of the execution of this successor Addendum.

7. **Release.** You and Owner, on behalf of yourselves and your affiliates, and your and their respective current and former parents, affiliates, and subsidiaries, and their respective agents, spouses, heirs, principals, attorneys, solicitors, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the “**Releasing Parties**”), do hereby absolutely and irrevocably release and discharge us and our parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the “**Released Parties**”), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, “**Claims**”), whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had or may have, from the beginning of time to the Addendum Effective Date, including, without limitation, those arising out of or relating in any way to the Franchise Agreement, the Prior Agreement the relationships created by the Franchise Agreement or Prior Agreement, the Sublease, or the development, ownership, or operation of the Studio, or any other agreements entered into between you and us. The Releasing Parties further covenant not to sue any of the Released Parties on any of the Claims released by this Section 7, and warrant and represent that they have not assigned or otherwise transferred any Claims released by this Section 7.

IF THE STUDIO YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE 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 OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST US OR OUR AFFILIATES OF WHICH YOU ARE TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU ARE GIVING UP BY EXECUTING THIS

RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU FROM ASSERTING IT AGAINST THE COMPANY OR COMPANY AFFILIATES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, 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 RELEASE AND THAT YOU UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE 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 general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. **Miscellaneous.** The Franchise Agreement shall be amended only in the particulars set forth above. All other provisions of the Franchise Agreement shall continue in full force and effect as set forth therein. The terms of this Addendum form an integral part, and hereby are incorporated into and made a part of, the Agreement. In the event of a conflict between the terms contained in the Agreement and this Addendum, the terms and conditions of this Addendum shall govern, control, and supersede any inconsistent or conflicting terms of the Agreement. This Addendum may be signed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, you and we have signed this Addendum on the dates shown below and made effective as of the Addendum Effective Date.

SEVA BEAUTY, LLC

FRANCHISEE

By: _____
Name: Vas Maniatis
Title: Managing Member
Date*: _____
(* Addendum Effective Date)

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

OWNER:

By: _____
[REDACTED], individually
Date: _____

EXHIBIT J

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

SEVA BEAUTY, LLC
REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to SEVA Beauty, LLC (“Franchisor”) that each person 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 a SEVA® 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 over which Franchisor has no control 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.	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:
<u>SPECIAL REPRESENTATION REGARDING RECEIPT OF FINANCIAL INFORMATION</u> PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you 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 success)? ☐ Yes ☐ No (INITIAL HERE: _____) If you selected "Yes," please describe the information you received on the lines below: _____ _____ _____	

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 Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

FRANCHISEE:

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: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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: _____
Date: _____

NEW YORK REPRESENTATIONS PAGE

**~~FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT
DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY
UNTRUE STATEMENT OF A MATERIAL FACT.~~**

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 SEVA Beauty, 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, SEVA Beauty, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. 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. ~~Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.~~

If SEVA Beauty, 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 A.

The franchisor is SEVA Beauty, LLC, 295 Palmas Inn Way, Suite#104, PMB#220, Humacao, Puerto Rico 00791, 877-SEVA-BEAUTY. The franchise seller for this offering is:

☐ Catherine Morazán
295 Palmas Inn Way
Suite #104, PMB #220
Humacao, Puerto Rico 00791
(317) 205-0000

☐ Name of Franchised Seller: _____

Principal Business Address: _____

☐ Name of Franchised Seller: _____

Principal Business Address: _____

Issuance Date: March 27, 2019, as amended November 13, 2019.

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated March 27, 2019, as amended November 13, 2019, that included the following Exhibits:

Exhibit A - State Administrators/Agents for Service of Process	Exhibit F - List of Franchisees
Exhibit B - Franchise Agreement	Exhibit G - State Addenda
Exhibit C - Financial Statements	Exhibit H - ACH Form
Exhibit D - Form of General Release	Exhibit I - Renewal Addendum
Exhibit E - Table of Contents of Operating Manual	Exhibit J - Representations and Acknowledgement Statement
	Exhibit K - Receipts

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 and return this receipt either by signing, dating and mailing it to SEVA Beauty, LLC, 295 Palmas Inn Way, Suite#104, PMB#220, Humacao, Puerto Rico 00791, or by emailing a copy of the signed and dated receipt to SEVA Beauty, LLC at franchising@sevabeauty.com.

**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.

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If SEVA Beauty, 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 A.

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☐ Catherine Morazán
295 Palmas Inn Way
Suite #104, PMB #220
Humacao, Puerto Rico 00791
(317) 205-0000

☐ Name of Franchised Seller:

Principal Business Address:

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Exhibit H - ACH Form
Exhibit I - Renewal Addendum
Exhibit J - Representations and Acknowledgement Statement
Exhibit K - Receipts

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 KEEP IT FOR YOUR RECORDS.