FRANCHISE DISCLOSURE DOCUMENT

Sugar Sugar Franchise Systems, LLC
an Arizona limited liability company
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Scottsdale, Arizona 85254
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Sugar Sugar Franchise Systems, LLC offers franchises for an organic boutique style spa specializing in sugaring hair removal, airbrush tanning, facials and skincare.

The total investment necessary to begin operation of a Sugar Sugar franchise ranges from $119,100 to $269,880. This includes $56,600 to $57,800 that must be paid to us or our affiliates.

The total investment necessary to begin operation under a development agreement (with a commitment to 3 spas) ranges from $196,900 to $347,680. This includes $134,400 to $135,600 that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement, area development agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 the franchisor at 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254 or by phone at (480) 367-8427.

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 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 27, 2023

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

2. **Spousal Liability**. Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the agreement. The guarantee will place your spouse's marital and personal asset at risk if your franchise fails.

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

4. **Minimum Payments**. You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Sugar Sugar Franchise Systems, LLC - the franchisor. "You" means the person who buys a Sugar Sugar franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Sugar Sugar Franchise Systems, LLC is an Arizona limited liability company that was organized on May 24, 2018. Our principal business address is located at 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254 and our telephone number is (480) 367-8427. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than "Sugar Sugar Franchise Systems, LLC" and "Sugar Sugar".

Business History

We began offering Sugar Sugar franchises in August 2018. We began offering area representative franchises in May of 2019. We are not engaged in any business other than the offering of Sugar Sugar franchises and area representative franchises. Area representatives are authorized to solicit, screen and support franchisees. If you purchase a franchise within an area representative's territory, the area representative may provide you with certain initial and ongoing support. We have sold one area representative franchise. Area representative franchises are offered under a separate Franchise Disclosure Document. We have never offered franchises in any other line of business.

We have not operated a business similar to the Sugar Sugar business being offered under this franchise. However, our principals currently operate 2 Sugar Sugar spas in Arizona. The first opened in Scottsdale in 2013 and the second opened in Phoenix in 2017.

Parents, Affiliates and Predecessors

We do not have any predecessors.

Our parent company is Microspa Concepts, LLC. Its principal business address is 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254.

We have 2 affiliates that sell goods to franchisees. Our affiliate Skin From Scratch, LLC sells inventory items for resale to customers, such as certain beauty products, merchandise and other retail items. Our affiliate Cubed Sugar, LLC sells operating supplies used in rendering treatments and services, such as sugar, cleanser, powder, etc. The principal business address of our affiliates is 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254. Our affiliates have never offered franchises in this or any other line of business and neither has operated a Sugar Sugar facility.

Except as disclosed above, we do not have any affiliates that offer franchises or provide any goods or services to our franchisees.

Description of Franchised Business

Under your Sugar Sugar franchise (referred to in this Disclosure Document as your "Business" or your "Spa"), you will establish and operate an organic boutique style spa specializing in sugaring hair removal, airbrush tanning, facials and skincare. We will grant you a license to use certain logos, service marks and trademarks, including the service mark "Sugar Sugar" (collectively, the "Marks") in the operation of your Business. The "Marks" also include our distinctive trade dress used to identify a Sugar Sugar spa, whether now in existence or

created in the future. You must sign a franchise agreement (the "Franchise Agreement") and operate your Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We have developed a distinct system (the "System") for the operation of a Sugar Sugar spa. Distinctive characteristics of the System include logo, proprietary techniques and products, confidential brand standards manual and operating system. The operational aspects of a Sugar Sugar franchise are contained within our confidential Brand Standards Manual (the "Manual"). You will operate your Sugar Sugar franchise as an independent business using the Marks, the System, the Sugar Sugar name, as well as the support, guidance and other methods and materials provided or developed by us.

Area Development Rights

If you satisfy all of our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement (an "ADA"). The ADA grants you the right and obligation to establish and operate multiple Sugar Sugar franchises within a defined "development territory" according to a predetermined development schedule. A copy of our current form of ADA is attached to this Disclosure Document as EXHIBIT "D". You will sign a separate franchise agreement for each Sugar Sugar franchise that you establish under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement included with this Disclosure Document.

Market and Competition

The target market for Sugar Sugar customers includes working women and men cognizant of healthier, organic, natural and fair trade markets. Our clients include men and women between the ages of 9 and 90, although the majority of our clients are women between the ages of 23 and 57.

We believe that the market for the services offered at a Sugar Sugar salon is competitive and rapidly developing. Sugar Sugar spas compete primarily with other waxing salons and tanning salons. Some of these businesses operate through franchise systems. They may be independently owned and operated or may consist of regional or national chains.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. Most states have laws and regulations requiring licensed aestheticians and/or cosmetologists to perform waxing services. Some states have laws and regulations that restrict the types of services and treatments aestheticians can offer. You must investigate and comply with all applicable laws and regulations. You must ensure that only licensed aestheticians and/or cosmetologists, where applicable, perform waxing services or other services for which a license is required.

You must also comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws. You must also comply with federal, state and local health and sanitation laws. Some jurisdictions have passed laws that require businesses to pay employees a higher minimum wage than is required under federal law. These laws may disproportionately affect franchises. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

William Johner – Chief Operations Officer

William Johner has served as our Chief Operations Officer since our inception in May 2018. From August 2013 through present William Johner has served as an owner and manager of Sugar Sugar Scottsdale, LLC in Scottsdale, Arizona. From May 2017 through the present, William Johner has served as an owner and manager of Sugar Sugar Phoenix, LLC in Phoenix, Arizona.

Aimee Blake – President

Aimee Blake has served as our President since our inception in May 2018. From August 2013 through present Aimee Blake has served as an owner and manager of Sugar Sugar Scottsdale, LLC in Scottsdale, Arizona. From May 2017 through the present, Aimee Blake has served as an owner and manager of Sugar Sugar Phoenix, LLC in Phoenix, Arizona.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay a $35,900 franchise fee for your franchise. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstances. The initial franchise fee is uniform (except as discussed below for area developers) and fully earned.

Initial Training Fee

You will pay a $10,000 initial training fee for the pre-opening initial training program that we will conduct. The entire initial training fee is payable in full at the time you sign the Franchise Agreement. The initial training fee is not refundable under any circumstances. The initial training fee is uniform and fully earned.

Startup Package

Before you open, you must purchase an initial startup package consisting of the following items: (1) your initial supply of inventory items (purchased from Skin From Scratch, LLC – approximately $8,900); (2) your initial supply of operating supplies (purchased from Cubed Sugar, LLC – approximately $1,500 to $2,500); (3) your initial supply of uniforms (purchased from us – approximately $300 to $500). The total cost of your startup package varies depending on your needs but is estimated to range from $10,700 to $11,900. You will pay us the full amount and we may pay our various affiliates from this amount. The purchase price is uniformly imposed and non-refundable.

Development Fee

If you sign an ADA, you will pay us the full initial franchise fee, initial training fee and startup package fee for your first franchised spa and a $28,900 discounted initial franchise fee and the $10,000 initial training fee for each additional franchised spa that you commit to develop under your development schedule. At the time you sign the ADA, you will pay us: (i) the $35,900 initial training fee and $10,000 initial training fee for your first Sugar Sugar spa; and (ii) a development fee equal to the aggregate of the $28,900 initial franchise fees and $10,000 initial training fees for all additional Sugar Sugar spas that you commit to develop under the ADA (excluding your 1st spa). For example, if you purchase the right to develop 5 Sugar Sugar spas, then at the time you sign the ADA you will pay us $45,900 for your first spa ($35,900 initial franchise fee plus $10,000 initial training fee) and a development fee equal to $155,600 ($38,900 X 4) for each of the 4 additional spas you commit to develop. You will not owe us any additional initial franchise fee or initial training fee for any of the spas you commit to develop under the ADA. Development fees are nonrefundable and uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee [1]	6% of weekly Gross Revenues [2]	Weekly, payable to us on Monday of each week for the prior week.	You must provide us with weekly reports of your Gross Revenues.
Brand and System Development Fund Fee[1]	Greater of (i) 1% of Gross Revenues [2] or (ii) $300 per month	Weekly, payable to us on Monday of each week for the prior week.	We may increase the Brand and System Development Fund contribution up to a maximum of the greater of 2% of Gross Revenues or $300 upon 30 days prior notice. See Note 3 for additional information.
Local Marketing Commitment[3]	Greater of (i) 4% of Gross Revenues or (ii) $1750 per month	Monthly	You will be required to conduct and monitor all local advertising. You must submit to us any advertising materials that you prepare or modify and we will have 14 days to review and either approve or reject the materials. See Note 3 for additional information.
Training Fee [1]	Up to $300 per person per day	10 days after invoice	See Note 4.
Technology Fee [1]	Varies (currently $314 per month)	On first of month for current month/as invoiced by vendor.	See Note 5.
Marketing Materials and Inventory [1]	Varies depending on item purchased	At time order placed	We will provide you with our current price list during the development of your Grand Opening Marketing Plan.
Audit Fee [1]	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Fines [1]	Up to $100 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. We will deposit all fines into the brand and system development fund.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee [1]	Franchise Agreement 50% of the current initial franchise fee ADA 25% of sum of development fee + initial franchise fee for 1st unit	Before transfer	Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners (unless the transfer between owners results in a change of control).
Late Fee [1]	Lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	None.
Management Fee [1]	Commercially reasonable rate	10 days after invoice	If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Managing Owner, as applicable.
Indemnification [1]	Will vary with circumstances	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Business or your breach of the Franchise Agreement.
New Product or Supplier Testing [1]	Cost of testing	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Insurance [1]	Actual cost of premiums, plus our costs and expenses	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.

NOTES:

(1) All fees are imposed by and are payable to us except we may require that you pay an affiliate of ours for the purchase of inventory, marketing materials or other goods or services. All fees are non-refundable and uniformly imposed on franchisees. You will be required to sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E"), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the designated bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.

(2) "Gross Revenues" means all gross sums that you collect from all goods and services that you sell, plus all other sums that you collect from the operation of your Business, including the proceeds of any business interruption insurance. "Gross Revenues" does not include sales or use taxes or amounts refunded to customers.

(3) We will establish and maintain a brand and system development fund when we sell our first franchise in order to promote public awareness of our brand and improve our System. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. In addition to your contributions to the brand and system development fund, you must spend the greater of 4% of monthly Gross Revenues or $1,750 per month on local advertising (your "Local Marketing Commitment").

(4) Before you open, we will provide our initial training program at no additional charge for your Managing Owner, managers (if any) and all persons who will provide sugaring hair removal at your Spa. We also do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Sugar Sugar spa. You must pay us a training fee of up to $300 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, managers or persons providing sugaring hair removal services); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the training fee for each of the transferee's owners and employees that attends our initial training program.

(5) Currently, we license your POS software and related booking software from a third-party supplier and then sublicense these items to you. We collect a monthly fee of $250 for these items and remit that sum to the master licensor. We license up to two closed-circuit custom music channels from a third-party supplier that will bill you directly with the monthly fee of $27 per channel. We license a closed-circuit custom TV channel from a third-party supplier that will bill you directly with the monthly fee of $10. In the future, we reserve the right to enter into other master license agreements with software or technology suppliers and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software that must be used by Sugar Sugar franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. Any technology fee that we impose will be commercially reasonable when compared to comparable software or technology in the market place. We can change the software and technology that must be used by our franchisees at any time.

ITEM 7 ESTIMATED INITIAL INVESTMENT

A. SINGLE UNIT FRANCHISE AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT [1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$35,900	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Fee	$10,000	Lump sum	At time you sign Franchise Agreement	Us
Startup Package[2]	$10,700 to $11,900	Lump sum	Before opening	Us
Food, Lodging & Travel (1 to 2 people while training)[3]	$50 to $1,500	As incurred	During training	Hotels, food and airlines
Lease Deposit & 3 Months' Rent[4]	$5,000 to $19,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Build Out & Improvements[5]	$18,000 to $102,250	As incurred	Before opening	Architects, contractors, suppliers
Signage[6]	$9,250 to $14,750	Lump sum	Before opening	Suppliers

A. SINGLE UNIT FRANCHISE AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT [1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Decorating, Furniture & Furnishings[7]	$2,100 to $2,500	As incurred	Before opening	Suppliers
Computer/Printer/Peripherals[8]	$500 to $1,800	Lump sum	Before opening	Suppliers
Service Equipment[9]	$1,500 to $2,500	Lump sum	Before opening	Suppliers
Utility Deposits, Business Licenses & Other Prepaid Expenses	$400 to $1,800	As incurred	Before opening	Utility companies and government agencies
Professional Fees	$500 to $3,000	Lump sum	Before opening	Lawyers, Accountants
Insurance (3 months' premium) [10]	$200 to $480	Lump sum	Before opening	Insurance companies
Grand Opening Marketing	$10,000	As incurred	Before opening	Suppliers
Additional Funds (3 month period after opening) [11]	$15,000 to $52,500	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment [12]	**$119,100 to $269,880**			

B. DEVELOPMENT AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT [1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee	$113,700	Lump sum	At time you sign the Development Agreement	Us
Initial Investment for the first spa	$83,200 to $233,980	See the chart above.		
Total	$196,900 to $347,680	This is the total estimated initial investment when signing a Development Agreement for the right to develop 3 spas, as well as the costs to open and commence operating your first spa.		

NOTES:

(1) We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

(2) See Item 5 for a description of the items included in the startup package.

(3) This estimates the cost for your owners, initial managers (if any) and sugarists to attend initial training in Arizona.

(4) These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most Sugar Sugar spas will range in size from 1,000 to 1,400 square feet. We estimate the rent will range from $1,250 to $4,250 per month, although your actual rent may vary significantly above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 months' security plus 3 month's rent. Some franchisees may prefer to own their premises. The cost of purchasing real estate varies so widely that we cannot reasonably estimate the cost.

(5) The cost of leasehold improvements and build-out vary widely based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements.

(6) The type and size of the signage you actually install will be based upon the zoning, property use requirements and any landlord imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.

(7) This estimates your costs to purchase décor items and non-service furniture such as light fixtures, wall art, couches, chairs, rugs, etc.

(8) You must purchase or lease the computer and point-of-sale hardware and software that we require.

(9) This estimates your costs to purchase services/operating equipment such as sugar warming units, massage tables, spray tan equipment, facial steamers, etc.

(10) We will provide you with the name of our recommended insurance company that is familiar with the sugaring industry and offers discounted premiums as compared to policies issued by insurance companies that do not distinguish between sugaring and wax hair removal. Insurance premiums tend to be higher for waxing salons due to the high heat associated with the wax and potential burns to customers. You are not required to use our recommended insurance company.

(11) This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. Your initial 3 months of rent is separately stated in the table above. These figures are estimates based on the past experience of our principals in developing and operating 2 Sugar Sugar spas in the Arizona market.

(12) These figures are estimates based on the past experience of our principals in developing and operating 2 Sugar Sugar spas in the Arizona market. You may have additional expenses starting your Spa. Your costs will depend on a variety of factors, including: how closely you follow our methods and procedures; your management skills, experience and knowledge; the local real estate market; the prevailing wage rate; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs that we incur in reviewing a proposed supplier and testing the products.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: real estate services (site selection, lease negotiation, architectural and construction); the lease for your facility; fixtures, furnishings and décor; signage; computer equipment and POS system; in-studio entertainment and marketing technology; operating equipment; uniforms and operating supplies; inventory; marketing materials and marketing services; and insurance policies. We estimate that nearly 85% of the total purchases and leases that will be required to establish and operate your Business will consist of source restricted goods or services. You will find your required and approved suppliers in the Operations Manual.

Real Estate Services

We must approve the professionals that you engage to provide lease negotiation, architectural and construction services for your Spa. You must use our designated supplier for site selection services. The site for your Spa must meet our standards and specifications and must be approved by us. The plans for the development of your facility must meet all of our standards and specifications and must be approved by us. Your approved contractor must develop and construct your Spa in accordance with the approved plans as well as the standards and specifications in the Manual.

Lease

While we do not negotiate the terms of your lease, we reserve the right to review and approve the terms of your lease to ensure they are in line with our business model and operations. However, if you will lease the premises

for your Spa, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Spa. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. We do not restrict the suppliers from whom you may purchase these items.

Signage

All of your exterior signage must meet our standards and specifications. You may purchase your signage from any supplier of your choosing.

Computer Equipment and POS System

Your computer system and POS system must meet our standards and specifications. You must utilize the POS system and software that we specify. You must sublicense certain components from us. You may purchase certain computer components from any supplier of your choosing.

In-Studio Entertainment and Marketing Technology

You must utilize the closed-circuit Music and TV systems that we specify. You may purchase certain components from any supplier of your choosing.

Operating Equipment

You must purchase certain operating equipment that meets our standards and specifications. This equipment may be purchased from any supplier of your choosing.

Uniforms and Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications. You must purchase most of your operating supplies exclusively from us or our affiliate. You must also purchase employee uniforms exclusively from us or our affiliate.

Inventory

All of your inventory must meet our standards and specifications. You must purchase these items only from us or our affiliate. You may not utilize any inventory items that we have not approved.

Marketing Materials and Services

All of your marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from us or other suppliers that we designate or approve. We may also require that you utilize our designated marketing company to implement your grand opening marketing campaign. We may also require that you use a social media marketing company that we designate.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with an A.M. Best's rating of A or better. The required coverage currently includes: "all risk" property insurance; comprehensive general liability insurance in the minimum amount of $1,000,000 per occurrence and $2,000,000 in the aggregate; automobile liability insurance in the minimum amount of $1,000,000 per occurrence; worker's compensation insurance; and any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We may try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power).

We have negotiated discounted pricing with a recommended real estate attorney who will provide lease review and negotiation services for a discounted flat fee. If you choose not to use our recommended attorney, you must hire another real estate attorney to provide these services.

There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

We and our affiliates are currently the suppliers for all of the items included in the startup package described in Item 5. We generate revenues from these purchases. We also collect the monthly licensing fee for your point-of-sale system but we remit these funds to the licensor. We may designate ourselves or an affiliate as an approved or designated supplier for other items in the future. No persons affiliated with us are currently an approved (or the only approved) supplier except for Skin From Scratch, LLC and Cubed Sugar, LLC (our officers each own an interest in our affiliated suppliers). There are no approved or designated suppliers in which any of our officers owns an interest other than our affiliates.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. Our area representatives do not receive any rebates, payments or other material benefits from suppliers based on franchisee purchases.

Neither we nor our affiliates have received any revenues from franchisee purchases from us or other designated or approved suppliers during the 2022 fiscal year.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your

obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.2	Item 7 & Item 11
	ADA: Section 3.2	
b. Pre-opening purchases/leases	FA: Section 7.3, 12.4 & 16.1	Item 5, Item 7, Item 8 & Item 11
	ADA: Not Applicable	
c. Site development and other pre-opening requirements	FA: Section 7.3 & 7.5	Item 6, Item 7 & Item 11
	ADA: Section 3.2	
d. Initial and ongoing training	FA: Section 5	Item 6 & Item 11
	ADA: Not Applicable	
e. Opening	FA: Section 7.5	Item 11
	ADA: Section 3.1	
f. Fees	FA: Section 5, 8.4, 11.1, 12.4, 12.6, 12.13, 14, 16.1, 17.2 & 20.2	Item 5 & Item 6
	ADA: Section 4 & 6.2	
g. Compliance with standards and policies/Brand Standards Manual	FA: Section 6.1, 7.1, 7.3, 11.3, 12 & 18.1	Item 11
	ADA: Section 3.2	
h. Trademarks and proprietary information	FA: Section 18	Item 13 & Item 14
	ADA: Section 2	
i. Restrictions on products/services offered	FA: Section 12.3	Item 16
	ADA: Not Applicable	
j. Warranty and client service requirements	FA: Section 12.11	Not Applicable
	ADA: Not Applicable	
k. Territorial development and sales quotas	FA: Not Applicable	Item 12
	ADA: Section 3.1	
l. Ongoing product/service purchases	FA: Section 12.4	Item 8
	ADA: Not Applicable	
m. Maintenance, appearance and remodeling requirements	FA: Section 12.5 & 12.7	Item 11
	ADA: Not Applicable	
n. Insurance	FA: Section 16.1	Item 6 & Item 7 & Item 8
	ADA: Not Applicable	
o. Advertising	FA: Section 11	Item 6, Item 7 & Item 11
	ADA: Not Applicable	
p. Indemnification	FA: Section 19	Item 6
	ADA: Not Applicable	
q. Owner's participation/ management/staffing	FA: Section 8	Item 11 & Item 15
	ADA: Not Applicable	
r. Records/reports	FA: Section 16.2 & 16.3	Item 6

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	ADA: Not Applicable	
s. Inspections/audits	FA: Section 17	Item 6 & Item 11
	ADA: Not Applicable	
t. Transfer	FA: Section 20	Item 17
	ADA: Section 6	
u. Renewal	FA: Section 4	Item 17
	ADA: Section 3.4	
v. Post termination obligations	FA: Section 22	Item 17
	ADA: Not Applicable	
w. Non-competition covenants	FA: Section 15	Item 17
	ADA: Not Applicable	
x. Dispute resolution	FA: Section 23	Item 17
	ADA: Section 8	
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: ATTACHMENT "D"	Item 15
	ADA: Not Applicable	

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Business. (Section 2)

2. Approve the location, build-out and design of your facility. See Section below entitled "Site Development" for additional information. We do not assist with negotiating the purchase or lease of your site or assist with conforming the premises to local ordinances and building codes or obtaining any required permits. (Sections 7.1, 7.3 & 7.5)

3. Loan you 1 copy of the Manual, which will help you establish and operate your Business. See Section below entitled "Manual" for additional information. (Section 6.1)

4. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We will deliver the startup package to you (described in Item 5). We do not deliver any other items and we do not install any of the items that you are required to purchase. (Section 12.2)

5. Provide you with our required marketing plan for your Business. See Section below entitled "Local Advertising" for additional information. (Section 11.2)

6. Provide an initial training program. See Section below entitled "Training Program" for additional information. (Section 5)

7. Send one or more of our representatives to your Spa to provide up to 5 days of on-site assistance relating to the opening of your Business at no additional charge (Section 6.2)

8. Provide you with your own local webpage to promote your Business. See Section below entitled "Computer System" for additional information. (Section 6.5)

During the operation of your Business, we will:

1. Give you ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.3)

2. Provide periodic training programs. See Section below entitled "Training Program" for additional information. (Section 5)

3. Maintain the Sugar Sugar corporate website that will include a list of all of the Sugar Sugar franchisees that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. (Section 6.5 & 11.3(e))

4. Establish and implement the brand and system development fund. See Section below entitled "Brand and System Development Fund" for additional information. (Section 11.1)

During the operation of your Business, we may, but need not:

1. Develop new retail items for sale at Sugar Sugar spas. (Section 6.7)

2. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.6)

3. Hold periodic national or regional conferences to discuss business and operational issues affecting Sugar Sugar franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5)

4. Create a franchise advisory council. See Section below entitled "Advisory Council" for additional information. (Section 13)

5. Upon your request, provide additional training or assistance (either at our headquarters or at your Spa). See Section below entitled "Training Program" for additional information. (Section 5)

We do not provide area developers with any support under their ADA.

Training Program (Section 5 & 21.2(i))

Overview

We will provide an initial training program for the Managing Owner (defined in Item 15) and your initial managers (if any) and sugaring specialists. These individuals must successfully complete the initial training program to our satisfaction before you open your Business. However, there is no specific period of time after signing or before opening that training must be completed. You may send other owners and employees to initial training, but it is not required. The initial training program includes two phases – franchise management training and sugaring training – and includes 3 days of training at our affiliate-owned Sugar Sugar spa in Scottsdale, Arizona and 5 days of on-site training at your Spa.

Franchise management training must be successfully completed by the Managing Owner and any manager(s). This training covers a variety of topics involved with the development and operation of a Sugar Sugar spa. Franchise management training typically lasts 3 days. A portion of this training includes "shadowing" our spa manager at the affiliate-owned location.

Sugaring training, which teaches the proper technique for sugaring hair removal as well as our organic airbrush tan protocol, must be successfully completed by the Managing Owner and all individuals who will provide sugaring hair removal at your Spa (referred to as your "sugaring specialists"). Sugaring training lasts approximately 5 days. Upon your request, we may (but need not) send a trainer to your Spa to provide additional sugaring training. If we agree to do so you must reimburse us for all expenses incurred by our training, including travel, meals and lodging.

Currently, we intend to offer the initial training program at least monthly assuming sufficient demand. The duration of training may vary depending on the prior experience of the trainees and the rate at which they absorb the information.

(*Remainder of page intentionally left blank*)

Training Topics

The initial training program consists of the following:

TRAINING PROGRAM

FRANCHISE MANAGEMENT TRAINING			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Company History POS Training	3	5	Scottsdale, Arizona
Manager Duties	6	10	Scottsdale, Arizona
Service Knowledge	3	5	Scottsdale, Arizona
Total	12	20	

SUGARING TRAINING			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Company History POS Training	3	5	Your Spa
Sugaring 101	2	19	Your Spa
All other SS™ Services	3	4	Your Spa
The culture	2	2	Your Spa
Total	10	30	

Training Materials

The training materials will consist of the Manual as well as the various sugaring supplies for the hands-on training. You will not be charged an additional fee for any of the training materials.

Instructors

Our instructors include Aimee Blake and William Johner. Aimee is one of our founders. She has been with Sugar Sugar 10 years and has a total of 10 years of experience in the sugaring industry. William is also one of our founders. He has been with Sugar Sugar 10 years and has a total of 10 years of experience in the sugaring industry.

Ongoing Training

From time to time, we may require that your Managing Owner, managers and sugaring specialists attend system-wide refresher or additional training courses. If you appoint a new Managing Owner or manager, that person must attend and successfully complete our initial training program (including franchise management training and sugaring training) before assuming responsibility for the management of your Spa. If you hire a new sugaring specialist, that person must attend and successfully complete sugaring training prior to providing sugaring hair removal at your Spa.

If we conduct an inspection of your facility and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, manager and/or sugaring specialists attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your Spa). We are not required to provide this additional training.

Training Fees and Costs

You will pay us a $10,000 initial training fee for the pre-opening initial training program that we provide. We do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Sugar Sugar spa. You must pay us a training fee of up to $300 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, managers or sugaring specialists); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this obligation does not apply to on-site training we provide as part of the pre-opening initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the $300 per person per day training fee for each of the transferee's owners and employees that attend our initial training program.

Manual (Section 6.1, 12.2 & 25.8)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Spa; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Sugar Sugar franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Spa; (v) policies and procedures pertaining to any gift card program or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Spa and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains a total of 98 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Site Development (Section 7.1, 7.2, 7.3, 7.6 & 12.7)

A Sugar Sugar spa facility typically ranges in size from 1,000 to 1,400 square feet. We do not typically own the premises and then lease it to the franchisee. You must locate and obtain our approval of the premises from which you will operate your Spa within 90 days after your sign the Franchise Agreement. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" to the Franchise Agreement and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, proximity to Nordstrom Rack, Whole Foods or similar anchor retailer, general character of the neighborhood and various economic indicators. If you fail to obtain our

approval of your site in the required period of time, we may terminate your Franchise Agreement.

We do not review the terms of your lease. However, if you will lease the premises for your Spa, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Spa.

After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual. You must also install the equipment, fixtures, signs and other items that we require. Before you open, we must approve the build-out and layout of your Spa facility. You must remodel and make all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations on the cost of these remodeling obligations. However, we will not require that you significantly remodel your facility more than once during any 5-year period (except as a condition to transfer or renewal). You may not remodel or significantly alter your premises without our prior approval.

If you sign an ADA, we must approve the location of each franchise to be developed under our then-current site selection criteria.

Computer System (Section 12.4, 12.5, 12.6, 16.3 & 17.1)

You are required to purchase a computer system that consists of the following items: 2 MacBooks, MacBook airs or similar; 3 iPads; 2 VoIP Vonage phones; Dropbox; and point-of-sale system with associated booking and CRM software. The computer system will generally be used to track clients, track inventory, process and track sales, schedule appointments, prepare financial and operational reports, implement customer relations campaigns, and communicate with us and your clients electronically. Your computer system will collect various data about your customers, including name, appointment history, payment history, credit card information, HIPPA information, allergies information, client preferences and phone number/email addresses. We will have independent unlimited access to the data collected on your computer system. We may also inspect your computer system and access the data as part of an inspection.

We estimate the cost of your computer system will range from $2,500 to $3,000. You will pay us a monthly licensing fee of $250 per month ($3,000 per year), which we will remit to the licensor of your point-of-sale system and associated software. The licensor will be required to provide ongoing maintenance, repairs, upgrades and updates in exchange for this fee.

Except as disclosed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades. We reserve the right to change the software or technology that you must use or add new software or technology at any time. We may charge you for any software or technology that we license or sublicense to you. If we sublicense the software from a third party, we will collect from you all amounts that we must pay the licensor based upon your use (such as the fee we disclose above for the point-of-sale system). If we license you software that we develop or own, we may charge commercially reasonable initial and ongoing licensing and support fees.

Brand and System Development Fund (Section 11.1)

We have established a brand and system development fund to promote public awareness of our brand and to

improve our System. We may use the fund, on a national or regional level, to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency, whether in-house or an outside agency, we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. The fund will not be used for paying for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must contribute the greater of 1% of weekly Gross Revenues or $300 per month. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; (ii) fines paid by you and other franchisees. Any company-owned Sugar Sugar spa will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned Sugar Sugar spa that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend amounts from the Brand and System Development Fund in any particular franchisee's market in proportion to the payments made to the Brand and System Development Fund made by the franchisee in that market.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. During the fiscal year ended December 31, 2022 we did not collect or spend any monies for or from the fund.

We direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund is not a trust and we have no fiduciary obligations with respect to our administration of the fund. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request.

Local Advertising (Section 11.2 & 11.3)

You are required to spend a minimum of $10,000 on other grand opening marketing activities to promote the opening of your Spa. In addition to your grand opening marketing obligations, you must spend a minimum monthly amount equal to your Local Marketing Commitment (which is the greater of 4% of your monthly Gross Revenues or $1,750 per month) on local advertising. You must participate at your own expense in all advertising, promotional and marketing programs that we require.

We will provide you with an initial required marketing plan for your Business. The marketing plan may be included in the Manual. We may, but need not, develop a customized marketing plan for your Spa.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will

provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 14 days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 14 day period will constitute our approval of the materials.

You are encouraged to market your Spa through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services (we may control all social media posts at our option). At all times you must comply with any social media policy that we develop.

We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Spa (such as contact information and hours of operation). At this time, we do not allow our franchisees to maintain their own websites or market their businesses on the Internet (except through the webpage we provide and through approved social media channels). Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a separate website and/or market on the Internet.

You are not required to participate in an advertising cooperative.

Advisory Council (Section 13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Sugar Sugar spa operated by us or our affiliates would also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Opening Requirements (Section 7.5)

You may not open your Spa before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Spa facility.

We anticipate that a typical Sugar Sugar franchisee will open his or her Sugar Sugar Spa within 150 days after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Spa must be opened within 270 days after you sign the Franchise

Agreement. Your failure to open within the 270-day period constitutes an event of default under your Franchise Agreement.

ITEM 12 TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate a single Sugar Sugar spa at a single location that must be approved by us in advance. You will be required to identify a location for your Spa within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement. You may relocate your Spa with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement; (ii) comply with all of our then-current site selection and development requirements; and (iii) open your new Spa facility and resume operations within 30 days after closing your prior facility.

Your Protected Territory

Your Protected Territory will typically be comprised of a 1.5 mile radius around your Spa. If your Spa is located in a major metropolitan downtown area or similarly situated/populated central business district (a "Central Business District"), your Protected Territory may be limited to a one (1) block radius around the Premises or the larger building in which the Premises is located or it may extend to 10 miles or more in highly rural areas. We will determine and designate your Protected Territory as we deem appropriate in our discretion. The size of your Protected Territory will likely vary from the territory granted to other franchisees based on the location and demographics surrounding your Spa.

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

You will not be permitted to relocate your Spa without our prior written approval, which may be withheld in our discretion. You will be assessed a relocation fee of $1,000 at the time you submit the proposed location for your relocated Spa. Generally, we do not approve requests to relocate your Spa after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. During the franchise term, however, we will not own, operate or grant anyone else the right to operate a franchise under the Sugar Sugar name or Marks within the Protected Territory.

Alternative Channels of Distribution

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers from a Sugar Sugar spa. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the

Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores; and (iii) sales made at wholesale. We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your Territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your Territory. All of your marketing activities must be primarily directed towards customers within your Territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit customers, whether from inside or outside of your Territory.

Minimum Performance Requirements

Your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency, unless you sign an ADA (discussed below).

Additional Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, unless you sign an ADA (discussed below).

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Sugar Sugar spa. However, we reserve the right to do so in the future.

Membership and Gift Card Purchases

We may implement a customer membership model at any time. If we do so, a customer who purchases a membership from your Spa may redeem services (or obtain discounted products or services) at another Sugar Sugar spa. Similarly, a customer who purchases a membership from another Sugar Sugar spa may redeem services (or obtain discounted products or services) at your Spa. You agree to comply with all policies and procedures that we specify from time to time relating to customers who obtain services from multiple Sugar Sugar spas as part of a membership purchase. In the future, we may (but need not) implement new software to monitor sales and allocate payments to the spa where services are provided (either in full or on a percentage basis), in which case we may require that the customer pay us for the membership (and we will then allocate the payments between the Sugar Sugar spas). We may also adopt policies regarding cooperation between franchisees relating to customers who redeem services from multiple Sugar Sugar spas. You agree to comply with all policies and procedures that we specify from time to time.

We offer gift cards for products and services that may be redeemed at any Sugar Sugar spa. We may sell these gift cards on our website. You may offer gift cards at your Spa. You must honor all gift cards, even if the customer purchased the gift card from our website or from another Sugar Sugar spa. We have the right to determine how the amount of the gift cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time with respect to our gift card program.

Area Development Rights

If you sign an ADA, we will not establish or grant rights to other persons to establish another Sugar Sugar spa in your development territory during the term of the ADA. However, these exclusive rights are subject to the limitations described above with respect to Alternative Channels of Distribution. A development territory will typically consist of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of franchises we believe your development territory can sustain.

You must sign a separate Franchise Agreement for each franchise that you establish under the ADA and you may only operate from the locations approved by us under the Franchise Agreements. We must approve the location of each franchise to be developed under our then-current site selection criteria. We identify your development territory, the development fee and the development schedule in the ADA before you sign it. If you fail to satisfy the development schedule under the ADA, we may terminate the ADA.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, if you are complying with all of the terms of the ADA and you and your affiliates are complying with all obligations under all franchise agreements, during the term of the ADA, neither we nor our affiliates will operate, or authorize any other party to operate a Sugar Sugar branded location in the development territory defined in the ADA except for: (a) franchises we grant to you and your approved affiliated entities; (b) Sugar Sugar branded locations that are located at non-traditional locations such as airports, colleges and universities, hospitals and other medical centers, military bases, department stores, hotels, residential buildings, private clubs, corporate campuses and other venues to which the general public customarily has limited access ("Non-Traditional Locations").

We (and any affiliates that we might have from time to time) have the right to engage in any activities we or they deem appropriate that are not expressly prohibited by the ADA, including the right to sell our product lines, both branded or otherwise, through wholesale channels, including on-line, and other channels of distribution, within or outside of the Development Territory defined in the ADA or where we (and our affiliates) may operate or authorize any other parties to operate Sugar Sugar branded locations in Non-Traditional Locations.

ITEM 13 TRADEMARKS

Sugar Sugar Holdings, LLC ("SS Holdings"), as assignee of its affiliate Sugar Sugar, LLC, owns the following trademarks registered on the United States Patent and Trademark Office principal register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
sugar™ sugar	4936118	April 12, 2016 (renewed September 1, 2021)

All required affidavits for the registered Marks have been filed.

On August 20, 2018, we entered into a License Agreement (the "License Agreement") with Sugar Sugar Holdings, LLC ("SS Holdings") Under the terms of the License Agreement, SS Holdings granted us the right to use the Marks in the Sugar Sugar System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. SS Holdings is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and SS Holdings mutually agree to terminate the License Agreement or if we breach SS Holdings' the quality control standards and fail to cure the breach within a 60 day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name "Sugar Sugar" and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Sugar Sugar franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Sugar Sugar name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or SS Holdings' right to the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Sugar Sugar spa, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. You will own your customer data during the term of the franchise but we may use that data for any purpose. Upon the termination or expiration of the Franchise Agreement you must assign ownership of all customer data to us. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act, but will respond to this

information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of your Spa (the "Managing Owner"). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must at all times own a controlling interest in the franchisee entity. The Managing Owner must dedicate his or her full time efforts to your Business unless he or she hire a manager to assist you with your management responsibilities, and said manager has been approved by us. You must seek our written permission prior to changing your Managing Owner. Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Spa. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

You may hire a manager to assist the Managing Owner with the daily on-site management and supervision of your Spa, but only if: (i) the manager successfully completes the initial training program; (ii) the manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "F" (a "Brand Protection Agreement"); and (iii) the Managing Owner agrees to assume responsibility for the supervision and operation of your Spa if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. At all times the Managing Owner must supervise the manager to ensure the Spa is being operated in accordance with the Franchise Agreement and the Manual. We do not require that the manager own any equity interest in the franchise.

All of your employees and other agents or representatives who have attended our training program must sign a Brand Protection Agreement. If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign a Franchise Owner Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "D".

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell as part of your Business. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Business at any time in our sole discretion, and you must comply with any such change.

We will provide you with our suggested pricing for the goods and services you sell. We must approval any material deviations from our suggested pricing. We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of the franchise term	FA: Section 4.1	Term is equal to 10 years.
	ADA: Section 2	Term expires on opening of last franchise to be developed under development schedule.
b. Renewal or extension of the term	FA: Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 1 consecutive successor franchise agreements. The renewal term will be 10 years, for a total maximum term of 20 years.
	ADA: Section 3.4	No renewal rights.
c. Requirements for you to renew or extend	FA: Section 4.1 & 4.2	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement,, Brand Protection Agreement, etc.); sign a general release; remodel or upgrade your Spa to comply with our then-current standards and specifications; and maintain possession of your Spa facility under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: Section 3.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: Section 21.1	You can terminate only if we fail to cure a material default within the cure period.
	ADA: Section 7	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Section 21.4	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	Not Applicable
f. Termination by us with cause	FA: Section 21.2 & 21.3	We can terminate if you default.
	ADA: Section 7	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: Section 21.2 & 21.3	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults").
	ADA: Section 7	You have 30 days to cure any default, other than defaults described below under "non-curable defaults."

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
h. "Cause" defined - non-curable defaults	FA: Section 21.2	The following defaults cannot be cured: failure to successfully complete training; failure to find approved site or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; termination of your lease due to your default; or termination of any other agreement between you and us or an affiliate due to your default (other than an ADA). However, the termination of an ADA due to your default is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 7	You cannot cure any default relating to the termination of a franchise agreement based on your default. Any termination of a franchise agreement is a default under the ADA allowing us to terminate without cure period.
i. Your obligations on termination/non-renewal	FA: Section 22.1	Obligations include: complete deidentification; cease use of intellectual property; return of Manuals and all branded materials; assignment of telephone numbers, listings and domain names; assignment of customer information and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any specific obligations on you after it is terminated or expires.
j. Assignment of contract by us	FA: Section 20.1	No restriction on our right to assign.
	ADA: Section 6.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 20.2 & Attachment A (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.
	ADA: Section 1 (definition of "Transfer") & 6.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: Section 20.2, 20.3 & Attachment A (definition of "Permitted Transfer")	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
	ADA: Section 1 (definition of "Permitted Transfer") & 6.3	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
m. Conditions for our approval of transfer	FA: Section 20.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the Spa facility to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release (subject to state law) and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal.
	ADA: Section 6.2	Transferee must meet our qualifications, successfully complete training (or commit to do so) and sign a new area development agreement for the remainder of the term (or at our option, take assignment of existing ADA). You must be in compliance with all Franchise Agreements and ADA, assign all Franchise Agreements to same purchaser unless we agree to contract (or at our option, purchaser must sign our then current form of franchise agreement), comply with transfer provisions under Franchise Agreements, pay us the transfer fee and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: Section 20.5	We have the right to match any bona fide, arms-length offer for your business.
	ADA: Section 6.5	We have the right to match any bona fide, arms-length offer for your area development rights.
o. Our option to purchase your business	FA: Section 22.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	We do not have a right to purchase your area development rights unless you attempt to transfer your rights to a third party purchaser.
p. Your death or disability	FA: Section 20.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
	ADA: Section 6.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers.
q. Non-competition covenants during the term of the franchise	FA: Section 15.2 & 15.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetitive covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section 15.2, 15.4 & 22.1	No involvement for 2 years in competing business within 20 miles of your Spa or any other Sugar Sugar spa comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
	ADA: Not Applicable	The ADA does not impose any noncompetitive covenants.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
s. Modification of the agreement	FA: Section 25.3 & 25.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
	ADA: Section 10.6	Requires writing signed by both parties. Other modifications primarily to comply with various states laws.
t. Integration/merger clause	FA: Section 25.8	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
	ADA: Section 10.6	Only the terms of the ADA and attachments to ADA are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: Section 23	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: Section 8	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: Section 23	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises.
	ADA: Section 8	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business.
w. Choice of law	FA: Section 25.1	Subject to state law, Arizona law governs.
	ADA: Section 10.1	Subject to state law, Arizona law governs.

ITEM 18 PUBLIC FIGURES

We do not use any public figures 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 information that differs from that included in Item 19 may only be given 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

As of the end of our 2022 fiscal year, there were two spas that had operated for more than 12 months. This Item 19 contains information on the Officer-owned spas in Scottsdale, Arizona ("Location A") and Phoenix, Arizona ("Location B") (collectively, the "Covered Spas") for the fiscal years 2021 & 2022 (the "Reporting Period").

Aimee Blake, our President, and William Johner, our Chief Operating Officer, co-own the Covered Spas. The Scottsdale Spa opened in September 2013. It operates in a shopping center location with 1,650 square feet. The Phoenix Spa opened in March 2018 and operates in a shopping center location with 1025 square feet.

The Covered Spas face competition in the market from other skin and waxing businesses and similar operations. The Covered Spas operate in a high-income area within a large metropolitan DMA, which is where we expect the new Sugar Sugar Spas will operate. The Covered Spas operate a business substantially similar to a franchised business offered under this Franchise Disclosure Document.

Location A	**2022**	**2021**		**Location B**	**2022**	**2021**
GROSS RECEIPTS				**Gross Receipts**		
Service Sales	$461,786	$457,380		Service Sales	$359,200	$337,546
Retail Sales	$52,276	$50,994		Retail Sales	$35,678	$31,386
Memberships	$53,803	$52,050		Memberships	$36,221	$33,937
(Returns and Allowances)	$367	$504		(Returns and Allowances)	$212	$402
Gross Sales	**$567,498**	**$559,920**		**Gross Sales**	**$430,887**	**$402,467**
COSTS OF GOODS SOLD				**COSTS OF GOODS SOLD**		
Product (Retail)	$19,334	$19,378		Product (Retail)	$13,665	$13,463
Product (Back Bar & Supplies)	$23,106	$22,686		Product (Back Bar & Supplies)	$16,041	$13,971
Direct Labor	$207,292	$209,288		Direct Labor	$153,150	$142,908
Royalties (6%) (imputed)	$34,050	$33,595		Royalties (6%) (imputed)	$25,853	$24,148
Brand and System Development Fund Fee (1%) (imputed)	$5,675	$5,599		Brand and System Development Fund Fee (imputed)	$4,309	$4,025
Total Costs of Goods Sold	**$289,457**	**$290,582**		**Total Costs of Goods Sold**	**$213,017**	**$198,515**
Gross Profit	**$278,041**	**$269,338**		**Gross Profit**	**$217,870**	**$203,953**
EXPENSES				**EXPENSES**		
Total Operating Expenses	$107,817	$108,127		Total Operating Expenses	$71,616	$66,701
Net Operating Income	**$170,224**	**$161,211**		**Net Operating Income**	**$146,254**	**$137,251**

The above data has imputed the local marketing commitment within each Location's "Total Operating Expenses" as follows: Location A had imputed a 4% local marketing commitment of $22,397 in 2021 and $22,700 in 2022 and Location B had imputed a minimum local marketing commitment of $1,750 per month equaling $21,000 in both 2021 and 2022.

Some spas have earned this much. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

We recommend that you make your own independent investigation to determine whether or not the franchise may be favorable to you.

Except as stated above on this Item 19, we do not make any performance representations about a franchisee's future financial performance or the past financial performance of company-owned spas. 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 spa, 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 William Johner at 16255 N. Scottsdale Road, Scottsdale, Arizona 85254 or 602 888-4986, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	2	0
Total Outlets	2020	2	2	0
	2021	2	2	0
	2022	2	2	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Total	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	1
Florida	1	2	0
Pennsylvania	1	1	0
Maryland	0	1	0
Total	3	5	1

Our fiscal year ends on December 31st.

A list of all current Sugar Sugar franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022; (Part B) includes a list of all current Sugar Sugar franchisees who have a signed franchise agreement, but have not opened their outlet as of December 31, 2022. In addition, EXHIBIT "F" (Part C) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

EXHIBIT "G" contains our unaudited financials for the period of January 1, 2023 through June 30, 2023 and our audited financial statements for the fiscal years ended December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "J"	State Addendum
EXHIBIT "K"	State Effective Dates

Attachments to Franchise Agreement

ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement

ITEM 23 RECEIPT

EXHIBIT "L" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722
Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

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

MICHIGAN
Franchise Administrator
Consumer Protection Division
670 Law Building
Lansing, MI 48913
(517) 373-7117

MINNESOTA
Department of Commerce
Commissioner of Commerce
85 Seventh Place East, #500
St. Paul, MN 55101-3165
(651) 296-4026

NEW YORK
New York Department of Law
Investor Protection Bureau
28 Liberty St., 21st FL
New York, NY 10005
(212) 416-8222

NORTH DAKOTA
North Dakota Securities Department
State Capitol, Fifth Floor, Dept 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue
John O. Pastore Complex
Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1st Floor (service of process)
9th Floor (administrator)
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500
Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

CALIFORNIA Commissioner of Financial Protection and Innovation 2102 Arena Blvd. Sacramento, California 95834 (415) 972-8559	MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	MICHIGAN Consumer Protection Division Franchise Section 670 Law Building Lansing, Michigan 48913 (517) 373-7117
ILLINOIS Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328

INDIANA Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	NEW YORK Secretary of State 99 Washington Avenue Albany, New York 11231 (212) 417-5800
NORTH DAKOTA Securities Commissioner 600 East Boulevard Avenue State Capitol Bismarck, North Dakota 58505 (701) 224-4712	VIRGINIA Clerk of State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
RHODE ISLAND Director of Department of Business Regulation John O. Pastore Complex, Bldg. 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	WASHINGTON Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, Washington 98501 (360) 902-8760
SOUTH DAKOTA Director of Division of Securities 445 East Capitol Avenue Pierre, South Dakota 57501-2017 (605) 773-4013	WISCONSIN Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559
TEXAS Edward Le 2470 Gray Falls, Suite 285 Houston, Texas 77077 281.661.1999	

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

SUGAR SUGAR

FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A"	Definitions
ATTACHMENT "B"	Site Selection
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement

SUGAR SUGAR FRANCHISE AGREEMENT

This Sugar Sugar Franchise Agreement (this "Agreement") is entered into as of _____, 201__ (the "Effective Date") between Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Sugar Sugar spa (your "Business" or your "Spa") using our Intellectual Property from a single location that we approve. As a Sugar Sugar franchisee, you will own and operate an organic boutique style spa specializing in sugaring hair removal, airbrush tanning, facials and skincare. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS. We will grant you a protected territory consisting of the geographic area described with ATTACHMENT "B" to this Agreement (your "Territory"). By protected, we mean that we will not operate, or grant a franchise or license to a third party to operate, a Sugar Sugar spa that is physically located within your Territory during the Term. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire 10 years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Business, you may enter into a maximum of one (1) successor franchise agreement (the "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Sugar Sugar franchises as of the expiration of the Term. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. The renewal term will be 10 years, for a maximum total term of 20 years. You will have no further right to operate your Business following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) remodel your Spa facility to comply with our then-current standards and specifications; (vi) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (vii) take any additional action that we reasonably require.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. The Managing Owner and all of your initial managers and persons providing sugaring hair removal (your "sugaring specialists") must attend and successfully complete our initial training program before you open your Spa. The Managing Owner and your managers must successfully complete both franchise management training and sugaring training. Your sugaring specialists are only required to successfully complete sugaring training.

5.2. Initial Training For New Owners/Managers/Sugaring Specialists. If you hire a new manager or sugaring specialist or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager, sugaring specialist or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program. You may never allow any person to provide sugaring hair removal who has not successfully completed sugaring training program or who does not hold any required license.

5.3. Periodic Training. We may offer periodic refresher or additional training courses for your Owners and employees. Attendance at these training programs is mandatory. Ongoing training may be conducted in person or remotely, at our option.

5.4. Additional Training Upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5. Remedial Training. If we conduct an inspection of your Spa and determine that you are not operating your Spa in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner, managers and/or sugaring specialists attend remedial training that is relevant to your operational deficiencies.

5.6. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Sugar Sugar franchisees. Attendance at these conferences is mandatory.

5.7. Training Fees and Expenses. We will provide our initial training program for your Managing Owner and initial managers (if any) and sugaring specialists. At the time you sign this Agreement, you must pay us a $10,000 initial training fee in consideration of the pre-opening initial training program that we will conduct. We do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Sugar Sugar spa. You must pay us a training fee of up to $300 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, managers or sugaring specialists); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the then-current training fee for each of the transferee's owners and employees that attends our initial training program. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will provide you with access to our confidential Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Opening Assistance. At no additional charge, we will send a representative to your Spa for a minimum of five (5) days to assist you with the opening of your Business. We will not charge a fee for this assistance.

6.3. General Guidance. Based upon our periodic inspections of your Spa or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

6.4. Marketing Assistance. As further described in Section 11.1 and Section 11.2, we may, but need not, administer the brand and system development fund and provide you with other marketing assistance during the Term.

6.5. Website. We will maintain a website for Sugar Sugar franchisees that will include the information about your Spa that we deem appropriate. We may modify the content of and/or discontinue the Website at any time in our sole discretion. We will also provide you with your own local webpage that will be linked to our main website. Your webpage will include localized information about your Spa, such as contact information and hours of operation. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times.

6.6. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.7. Private Label Goods. We may, but need not, create new private label products for sale at your Spa. If we develop any of these products, you agree to maintain a reasonable inventory of these items at your Spa at all times.

7. ESTABLISHING YOUR SPA

7.1. Site Selection. You agree to locate and obtain our approval of the premises from which you will operate your Business within 90 days after the Effective Date. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. You must use the supplier that we designate for site selection services. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. Our approval shall be evidenced by the execution of Section B of ATTACHMENT "B" by you and us. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Sugar Sugar spa. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. Lease. If you will lease the premises for your Spa, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Spa. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. You must hire a real estate attorney to review and negotiate the terms of your lease. You have the option, but not the obligation, to use our preferred real estate attorney who will provide these services on a discounted flat fee basis.

7.3. Construction. We will provide you with generic prototype plans for a Sugar Sugar spa. You must hire an architect in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and approved plans and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. We must approve the architects, contractors and other suppliers you use to construct your Spa. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your Spa facility.

7.4. Startup Package. At least 45 days prior to opening, you must order your initial supply of inventory items, operating supplies and uniforms from us. Your cost to purchase the startup package will vary depending on your specific needs. We will deliver your inventory items, operating supplies and uniforms before you open. The purchase price is nonrefundable.

7.5. Opening. You must open your Business to the public within 270 days after the Effective Date. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner and initial managers (if any) and sugaring specialists; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Spa facility. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Spa and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.6. Relocation. You may relocate your Spa with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area; (ii) comply with Sections 7.1 through Section 7.5 of this Agreement with respect to your new Spa facility (excluding the 270-day opening period); and (iii) open your new Spa facility and resume operations within 30 days after closing your prior facility.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Business on a full time basis and provide on-site management and supervision unless you hire a manager to assist you with your management responsibilities. The Managing Owner must at all times own a controlling interest in the franchisee Entity. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2. Managers. You may hire a manager to assist the Managing Owner with the daily on-site management and supervision of your Spa, but only if: (i) the manager successfully completes the initial training program; (ii) the manager signs a Brand Protection Agreement; and (iii) the Managing Owner agrees to assume full-time responsibility for the on-site management and supervision of your Spa if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. At all times the Managing Owner must supervise the manager to ensure the Spa is being operated in accordance with this Agreement and the Manual.

8.3. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must ensure that only successfully trained sugaring specialists provide sugaring hair removal services at your Spa. You must pay all wages, commissions, fringe benefits,

worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days; or (ii) you are in material breach. The Interim Manager will cease to manage your Business at such time that you hire an adequate replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "D".

11. ADVERTISING & MARKETING.

11.1. Brand and System Development Fund.

(a) Administration. We have established a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other

matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions.

(b) Contributions. On Monday of each week, you must pay us a brand and system development fund fee equal to the greater of 1% of your Gross Revenues for the previous week, or $300 for the month. If your 1% weekly contributions are not equal or greater to $300 by the end of the month, then you will be required to pay us the difference. We reserve the right to increase this contribution up to 2% of your Gross Revenues for the prior week's operations or $300 per month.. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees.

11.2. Marketing Assistance From Us. We will provide you with an initial required marketing plan for your Business. The marketing plan may be included in the Manual. We may, but need not, customize this plan for your Business. We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. In addition to your required contribution to the brand and system development fund, you must spend, on a monthly basis, the greater of 4% of your Gross Revenues or $1,750 per month on local advertising to promote your Spa. We must approve all such advertising in accordance with Section 11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require.

(b) Grand Opening. You must spend a minimum of $10,000 on your grand opening marketing campaign. All such grand opening marketing activities are subject to our approval.

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have approved the materials if we fail to issue our disapproval within 14 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. You may market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services or we may require that we post all of your social media marketing materials. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Sugar Sugar spas on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy

at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

12. OPERATING STANDARDS.

12.1. Generally. You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. Brand Standards Manual. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Sugar Sugar franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Spa; (v) policies and procedures pertaining to any gift card program or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Spa and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Goods and Services. You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Spa without our prior written permission. You may not use your Spa or permit your Spa to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement. We will provide you with suggested pricing for the goods and services you will sell. You must obtain our approval of all material deviations from our suggested pricing.

12.4. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Sugar Sugar spas, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within 10 days after invoicing.

12.5. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period

that we reasonably prescribe.

12.6. Software and Technology. We may change the software or technology that you must use at any time. We may also develop proprietary software or technology that must be used by Sugar Sugar franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We currently have entered into such a master license agreement for your POS system and you agree to pay us a license fee of $314 per month. All fees referenced in this Section are due on the 1st day of each month for the current month's operations.

12.7. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your Spa facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. We will not require that you engage in any significant remodeling project more than once during any five (5) year period. However, there is no limitation on the frequency of any remodeling that we may require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your Spa facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the facility at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the facility as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.8. Memberships. We reserve the right to implement a membership program, in which case you must follow all policies and procedures that we specify. We may adopt policies regarding cooperation between franchisees relating to customers who purchase membership or package services from multiple locations. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

12.9. Gift Cards. We offer gift cards for products and services that may be redeemed at any Sugar Sugar spa. We may sell these gift cards on our website. You may offer gift cards at your Spa. You must honor all gift cards, even if the customer purchased the gift card from our website or from another Sugar Sugar spa. We have the right to determine how the amount of the gift cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time with respect to our gift card program.

12.10. Hours of Operation. We may specify minimum days and hours of operation. You must establish specific days and hours of operation and submit those hours to us for approval.

12.11. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.12. Quality Assurance Programs. At any time, we reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms who will inspect Sugar Sugar spas for quality control purposes. These inspections may address a variety of issues, including customer service, safety, sanitation, inventory rotation, etc. You agree to fully cooperate with any such inspection. If we implement such a program, we will do so at our expense.

12.13. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $100 per occurrence.

13. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. FEES

14.1. Initial Franchise Fee. You agree to pay us a $35,900 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed. In addition, you will also pay us the $10,000 initial training fee as specified in Section 5.7 above.

14.2. Royalty Fee. On the Monday of each week, you agree to pay us a royalty fee equal to 6% of your Gross Revenues for the previous week.

14.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.4. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 16.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 14.4 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

14.5. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "Account") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your

Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 14.4.

14.6. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15. BRAND PROTECTION COVENANTS.

15.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

15.2. Our Know-how. You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the

family member.

15.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

15.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Sugar Sugar franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

15.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other Sugar Sugar franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

16. YOUR OTHER RESPONSIBILITIES

16.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (iii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of $1,000,000 combined single limit per occurrence; (iv) worker's compensation insurance and employer's liability insurance as required by law; and (v) any other insurance that we specify in the Manual from time to time. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or

modification of the policy. If any of your policies fail to meet this criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

16.2. Books and Records. You agree to prepare and maintain at your Spa for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must maintain, and upon our request furnish to us by e-mail, mail or facsimile, a written list of all of your customers. You must send us copies of your books and records within seven (7) days of our request.

16.3. Reports. No later than the 10th day of each month, you must prepare and provide to us monthly statements of: (i) your Gross Revenues and expenses for the prior month's operations; and (ii) your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business.

16.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

17. INSPECTION AND AUDIT

17.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your Spa, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include contacting your landlord, customers and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system

and retrieving any information that we deem appropriate in conducting the inspection.

17.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 14.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

18.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property. Use of Marks. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.3. Use of Know-how. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

18.4. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation or the services or products offered by a Sugar Sugar business (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others.

You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Sugar Sugar franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Sugar Sugar business.

18.5. **Notification of Infringements and Claims**. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. 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 our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. **INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; and (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

20. **TRANSFERS**

20.1. **By Us**. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a Sugar Sugar business and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you remodel your Spa facility to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(viii) you or the transferee pay us a transfer fee equal to 50% of our current initial franchise fee to defray expenses that we incur in connection with the Transfer;

(ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(x) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(xi) we do not elect to exercise our right of first refusal described in Section 20.5; and

(xii) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

20.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

20.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 20.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at

least three (3) months.

20.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 22 and all other obligations that survive the expiration or termination of this Agreement.

21.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to obtain our approval of your site within the time period required by Sections 7.1;

(iii) if you fail to open your Business within the time period required by Section 7.5;

(iv) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(v) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(vi) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(vii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;

(viii) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(ix) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(x) if you manage or operate your Business in a manner that presents a health or safety hazard to your customers, employees or the public;

(xi) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xii) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(xiii) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 21.3;

(xiv) if you make an unauthorized Transfer;

(xv) if you make an unauthorized use of the Intellectual Property;

(xvi) if you breach any of the brand protection covenants described in Section 15;

(xvii) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xviii) if the lease for your premises is terminated due to your default; or

(xix) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default (other than an area development agreement).

21.3. Additional Conditions of Termination. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 21.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a Sugar Sugar business, unless we allow you to transfer such items to an approved transferee;

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vi) provide us with a list of all of your current, former and prospective customers;

(vii) assign ownership of all customer contracts, accounts, and data to us (unless we allow you to transfer those contracts to an approved transferee);

(viii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(ix) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(x) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Spa and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial

information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

23. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to litigation, unless the Dispute involves an alleged breach of Section 15 or Section 18. Any mediation shall take place in the county in which we maintain our principal place of business at the time the mediation begins (currently, Maricopa County, Arizona). If the Dispute is not successfully resolved by mediation within 90 days after either party makes a demand for mediation or the Dispute involves an alleged breach of Section 15 or Section 18, either party may file a lawsuit in any state or federal court of general jurisdiction in the county in which we maintain our principal place of business at the time the lawsuit is filed (currently, Maricopa County, Arizona) and we and you irrevocably submit to the jurisdiction of such courts and waive any objection either of us may have to either the jurisdiction or venue of such courts. If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) TEN (10) BUSINESS DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS AND THAT WE AGREE TO COMPLY WITH ANY NEGOTIATED TERMS AGREED TO BY THE PARTIES AND CONTAINED IN YOUR AGREEMENT UNDER CALIFORNIA LAW; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to

make such promise or covenant enforceable.

25.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Sugar Sugar franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

25.6. Force Majeure. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

25.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 16.1 and Section 19, respectively.

25.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. To the extent that any provision in the California State Addendum is inconsistent with any provision in this Agreement, the provision in the California State Addendum shall control.

25.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in

this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.

25.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU:	As set forth below your signature on this Agreement
US:	Sugar Sugar Franchise Systems, LLC 16255 N. Scottsdale Road, Suite C3 Scottsdale, Arizona 85254

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

[Signature Page Follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

Franchisee's Principal Business Address:

_____
_____
_____
_____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 14.5.

"Acquired Assets" is defined in Section 22.2.

"Agencies" is defined in Section 22.1(ix).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than retail sales made to customers from a Sugar Sugar spa, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores; and (iii) sales made at wholesale.

"Appraisal Date" is defined in Section 22.2.

"Appraised Value" is defined in Section 22.2.

"Brand Protection Agreement" means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

"Business" is defined in Section 2.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers sugaring hair removal services.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Sugar Sugar franchisees to use, sell or display in connection with the marketing and/or operation of a Sugar Sugar spa, whether now in existence or created in the future.

"Dispute" is defined in Section 23.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Revenues" means all gross sums collected by you from all goods and services sold in connection with your Business, together with any other revenue or monies derived in connection with your Business, including the proceeds of any business interruption insurance. "Gross Revenues" does not include: (i) revenues that you collect from a customer and later refund to that customer; or (ii) any sales or use taxes that you pay to a government agency.

"Improvements" is defined in Section 18.4.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and

Improvements.

"Interim Manager" is defined in Section 8.4.

"Interim Term" is defined in Section 4.3.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Sugar Sugar, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the daily on-premises management and supervision of the Business.

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sugar Sugar spa, including "Sugar Sugar," and any other trademarks, service marks or trade names that we designate for use in a Sugar Sugar spa. The term "Marks" also includes any distinctive trade dress used to identify a Sugar Sugar spa, whether now in existence or hereafter created.

"Marketing Campaign" is defined in Section 11.1(a).

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than results in a change of control; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. "Post-Term Restricted Period" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"Prohibited Activities" is defined in Section 15.3.

"Qualified Appraiser" is defined in Section 22.2.

"Restricted Territory" means the geographic area within: (i) a 20 mile radius from your Spa (and including your Spa itself); and (ii) a 20 radius from all other Sugar Sugar spas that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within: (i) a 10 mile radius from your Spa (and including your Spa itself); and (ii) a 10 radius from all other Sugar Sugar spas that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory"

means the geographic area within a 10 mile radius from your Spa (and including your Spa itself).

"Site Selection Area" is defined in Sections 7.1.

"Successor Agreement" is defined in Section 4.1.

"System" means our distinct system for the operation of a Sugar Sugar spa, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

SITE SELECTION

A. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

[_____]

* The Site Selection Area is not your territory and there are no protections associated with this area.

B. Approved Site.

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Spa.

Approved address:

_____
_____

C. Protected Territory.

Pursuant to Section 3 of the Franchise Agreement, the Protected Territory is described as:

_____
_____

By signing below, you and we agree that the address identified in Part C above shall be deemed your approved site for your Spa established and operated pursuant to the Franchise Agreement.

Franchisor	Franchisee
Sugar Sugar Franchise Systems, LLC	
_____	
By:_____	By:_____
Name:_____	Name:_____
Its:_____	Its:_____
Date: _____	Date: _____

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

THIS AGREEMENT dated this ___ day of _____, 20__ among Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company, with principal offices at 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254 (the "Franchisor"), _____, a(n)_____, with principal offices located at _____ (the "Landlord"), and _____, a(n)_____, with principal offices located at _____ (the "Tenant/Franchisee").

Introduction

A. On _____, the Tenant/Franchisee and the Franchisor entered a Sugar Sugar, Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a Sugar Sugar franchised business (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another Sugar Sugar franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Sugar Sugar franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company

By:_____
Name:_____
Its:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

TENANT/FRANCHISEE:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

_____

_____

_____

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers sugaring hair removal services.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Sugar Sugar franchisees to use, sell or display in connection with the marketing and/or operation of a Sugar Sugar spa, whether now in existence or created in the future.

"Franchise Agreement" means the Sugar Sugar Franchise Agreement executed by Franchisee with an effective date of _____.

"Franchised Business" means the Sugar Sugar spa operated by Franchisee pursuant to the Franchise Agreement.

"Franchisee" means _____.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Sugar Sugar spa, (ii) the method of operation of a Sugar Sugar spa or (iii) any marketing or promotional ideas relating to a Sugar Sugar spa, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Sugar Sugar, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual

"Manual" means our confidential brand standards manual for the operation of a Sugar Sugar spa.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sugar Sugar spa, including "Sugar Sugar," and any other trademarks, service marks or trade names that we designate for use in a Sugar Sugar spa. The term "Marks" also includes any distinctive trade dress used to identify a Sugar Sugar spa, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to Owner or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of

Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

"Restricted Territory" means the geographic area within: (i) a 20 mile radius from the Franchised Business (and including the Franchised Businesses' facility itself); and (ii) a 20 radius from all other Sugar Sugar spas that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within: (i) a 10 mile radius from the Franchised Business (and including the Franchised Business's facility itself); and (ii) a 10 radius from all other Sugar Sugar spas that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from the Franchised Business (and including the Franchised Businesses' facility itself).

"System" means our distinct system for the operation of a Sugar Sugar spa, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) Immediate Family Members. You acknowledge that you could circumvent the purpose of this

Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Sugar Sugar franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 20.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies

against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No. | Franchisee E-mail Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | ☐ Checking ☐ Savings (check one) | Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip) | Bank Phone No.

Authorization:

Franchisee hereby authorizes Sugar Sugar Franchise Systems, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:_____ Date:_____

Name:_____

Its:_____

Federal Tax ID Number:_____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers sugaring hair removal services.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Sugar Sugar franchisees to use, sell or display in connection with the marketing and/or operation of a Sugar Sugar spa, whether now in existence or created in the future.

"Franchised Business" means each Sugar Sugar spa operated by Franchisee.

"Franchisee" means the Sugar Sugar franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Sugar Sugar spa, (ii) the method of operation of a Sugar Sugar spa or (iii) any marketing or promotional ideals relating to a Sugar Sugar spa, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Sugar Sugar, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a Sugar Sugar spa.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sugar Sugar spa, including "Sugar Sugar," and any other trademarks, service marks or trade names that we designate for use in a Sugar Sugar spa. The term "Marks" also includes any distinctive trade dress used to identify a Sugar Sugar spa, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

"Restricted Territory" means the geographic area within: (i) a 20 mile radius from the Franchised Business (and including the Franchised Businesses' facility itself); and (ii) a 20 radius from all other Sugar Sugar spas that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within: (i) a 10 mile radius from the Franchised Business (and including the Franchised Business's facility itself); and (ii) a 10 radius from all other Sugar Sugar spas that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing

Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from the Franchised Business (and including the Franchised Businesses' facility itself).

"System" means our distinct system for the operation of a Sugar Sugar spa, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Sugar Sugar spa operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Sugar Sugar franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court

requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

[Signature Page Follows]

This Brand Protection Agreement is executed as of the date or dates set forth below.

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By: _____

Name: _____

Date: _____

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By: _____

Name: _____

Date: _____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]

SUGAR SUGAR

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A" Development Schedule
ATTACHMENT "B" Development Territory

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 20__ (the "Effective Date") between Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

"Development Schedule" means the schedule described in Section 3.1 and ATTACHMENT "A" for the development of the Sugar Sugar spas within the Development Territory.

"Development Territory" means the geographic area described in ATTACHMENT "B".

"Owner" or *"Owners"* means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the entity that is the area developer under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer other than a Transfer that results in a change of control; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Term" the period of time commencing with the Effective Date of this Agreement and expiring upon the date by which you are required to open the last Sugar Sugar spa under the Development Schedule.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, or an ownership interest in an entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer entity (including the laws of intestate succession).

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms and conditions of this Agreement, we hereby grant you the exclusive right and obligation to develop each of the _____ Sugar Sugar spas referred to in the Development Schedule. Each Sugar Sugar spa that you develop pursuant to this Agreement must be located within the Development Territory and at a specific site that we approve in accordance with the terms of the applicable Franchise Agreement. For the duration of the Term, we will not operate, or grant a license to any third party to operate, a Sugar Sugar spa that is physically located within the Development Territory. This Agreement does not grant you any rights or licenses to use any of our Intellectual Property.

3. DEVELOPMENT OBLIGATIONS

3.1. Development Schedule. You agree to open each Sugar Sugar spa in strict accordance with time periods set forth in the Development Schedule. You must develop, open and operate each Sugar Sugar spa in compliance with all of the terms of the applicable Franchise Agreement. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or financial inability.

3.2. Site Selection. You must select a specific location within the Development Territory for each Sugar Sugar spa in accordance with our then-current guidelines for opening a new location as contained in the

Manual and the applicable Franchise Agreement. Each site that you select is subject to our prior approval as specified in the applicable Franchise Agreement.

3.3. Franchise Agreements. You must a separate Franchise Agreement for each Sugar Sugar spa. You must sign the Franchise Agreement for your first Sugar Sugar spa at the time you sign this Agreement. We will not review or approve a proposed site until you sign the applicable Franchise Agreement for the proposed location. Each Franchise Agreement shall be our then-current form of Sugar Sugar Franchise Agreement, the terms and conditions of which may vary materially and substantially from the terms and conditions of the Franchise Agreement you sign for your first Sugar Sugar spa. You must pay us the full $35,900 initial franchise fee and $10,000 initial training fee for your first Sugar Sugar spa at the time you sign this Agreement. The development fee paid pursuant to Section 4 includes your initial franchise fee and initial training fee for each of the remaining Sugar Sugar spas that you commit to develop under this Agreement. You will pay a discounted initial franchise fee of $28,900 and a training fee of $10,000 for each of your second (2nd) and subsequent locations developed under this Agreement. You will have no right to construct or operate any Sugar Sugar spa until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that spa.

3.4. Additional Locations. You have no right to develop any Sugar Sugar spa other than the spas listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms and conditions that we specify, following your development of all spas listed in the Development Schedule under this Agreement.

4. DEVELOPMENT FEE. At the time you sign this Agreement, you must pay us the full initial franchise fee and initial training fee for your first franchise. In addition, at the time you sign this Agreement, you must pay us a development fee equal to $_____, which includes the full discounted initial franchise fees and initial training fees for all franchises under your Development Schedule (other than your first franchise). The development fee is fully earned and nonrefundable upon execution of this Agreement.

5. AREA DEVELOPER AS ENTITY. If you are an entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of this Agreement, a copy of the entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the entity is duly formed and validly existing under the laws of the state of its formation or incorporation. You may form a separate entity to enter into each Franchise Agreement provided that: (i) the individuals holding the ownership interests (and their percentage interests) in each such entity must be the same individuals holding ownership interests (with the same percentage interests) in the entity that is the Area Developer under this Agreement; and (ii) each such entity guarantees the performance of all other entities formed under the authority of this Section 5.

6. TRANSFERS

6.1. **By Us**. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

6.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and your Owners and that we have granted the area development rights in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Sugar Sugar spas that are to be develop under this Agreement and otherwise meets all of our then applicable standards for area developer franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement, all Franchise Agreements and all other agreements with us or our affiliate;

(iii) all of the Owners of the transferee have successfully completed, or made arrangements to attend, the initial training program;

(iv) the transferee and its owners sign our then current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the transfer);

(v) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(vi) you pay us a transfer fee equal to 25% of the sum of (a) the initial franchise fee paid pursuant to the Franchise Agreement signed concurrently with this Agreement for your first (1st) Sugar Sugar spa plus (b) the development fee imposed under Section 4 of this Agreement.

(vii) we do not elect to exercise our right of first refusal described in Section 6.5; and

(viii) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

You may not transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Sugar Sugar spa). You also may not transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

6.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least ten (10) days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

6.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the area development rights, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 6.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.

6.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase

your remaining area development rights and any Sugar Sugar spas to be assigned, or the ownership interest in you, as applicable, for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 6.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

7. TERMINATION OF DEVELOPMENT RIGHTS

7.1. **Reasonableness**. You represent that you: (i) have conducted your own independent investigation and analysis of the prospects for the establishment of the Sugar Sugar spas within the Development Territory; (ii) approve the Development Schedule as being reasonable and viable; and (iii) recognize that your failure to achieve the results required by the Development Schedule will constitute a material breach of this Agreement.

7.2. Termination **of** Development Rights. If you fail to comply with any term of this Agreement, we may terminate this Agreement, effective 30 days after giving you written notice of the default, unless you have fully cured the default within such 30-day period. Any such termination will end all of your rights and future obligations under this Agreement, including without limitation, your interests in the Development Territory and right to open additional Sugar Sugar spas. In the event of a termination, you will not be entitled to any refund of the development fee.

7.3. Cross **Default**. Our termination of any Franchise Agreement due to your default shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.

8. **DISPUTE RESOLUTION**. Any dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions set forth in the Franchise Agreement executed concurrently with this Agreement. All such dispute resolution provisions are incorporated herein by reference as if full set forth in this Agreement.

9. **YOUR REPRESENTATIONS.** YOU HEREBY REPRESENT THAT: (I) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (II) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (III) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (IV) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES AND AREA DEVELOPERS OF

OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES AND AREA DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES AND THAT WE AGREE TO COMPLY WITH ANY NEGOTIATED TERMS AGREED TO BY THE PARTIES AND CONTAINED IN YOUR AGREEMENT UNDER CALIFORNIA LAW; AND (V) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

10. GENERAL PROVISIONS

10.1. **Governing Law.** This Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

10.2. **Severability** . Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable.

10.3. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

10.4. **Force Majeure.** Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

10.5. **Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

10.6. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. To the extent that any provision in the California State Addendum is inconsistent with any provision in this Agreement, the provision in the California State Addendum shall control.

10.7. **Covenant of Good Faith**. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

10.8. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

10.9. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

10.10. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

10.11. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

10.12. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

10.13. **Notice.** All notices and statements to be given under this Agreement are to be provided in accordance with the Notice Provision of the initial Franchise Agreement signed concurrently with this Agreement.

[Signature Page Follows]

FRANCHISOR:

Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

Principal Business Address:

_____
_____
_____
_____

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

You agree to comply with the following minimum development obligations as specified in Section 3 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF FRANCHISES OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FRANCHISES OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		

ATTACHMENT "B"

TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT TERRITORY

The Development Territory shall include the following geographic area:

_____

_____

*** If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.**

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
NONE			

Part B (Franchisee's who have a signed Franchise Agreement, but No Opened outlet as of 12/31/2022)

State	City	Address	Phone	Owner Name(s)
Arizona	Queen Creek	10264 E. Seismic Ave., Mesa, Arizona 85212	714-697-6295 480-703-9389	Jessica Keller Tyler Keller
Pennsylvania	Philadelphia	3820 Locust Walk, Suite 4 Philadelphia, Pennsylvania 19104	954-300-2370	Leah Gillion
Florida	Lake Worth	8385 Vaulting Drive, Lake Worth, Florida 33467	703-929-4993 571-639-7955	Patrick Meglio Lynette Meglio

Part C (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
NONE			

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION TO THE CONTENT OR FORM.

Sugar Sugar Franchise Systems, LLC

Balance Sheet As Of June 30, 2023

	A/O June 30, 2023
Assets:	
Current Assets	
Cash and Equivalents	$237,678
Total Current Assets	$237,678
Non Current Assets	-
Total Assets	$237,678
Liabilities and Members Equity (deficit)	
Current Liabilities	
Non refundable deferred franchisee fees	$24,000
Total Current Liabilities	$24,000
Non-Current Liabilities	
Non-Refundable Deferred franchise Fees	$292,625
Total Liabilities	$316,625
Members Equity (Deficit)	-$78,947
Total Liabilities and Members Equity	$237,678

Sugar Sugar Franchise Systems, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
UNAUDITED
For The Period January 1, 2023 thru June 30, 2023

		2023
REVENUES		
Franchise fees	$	9,075
Other revenue	$	537
TOTAL REVENUES	**$**	**9,612**
OPERATING EXPENSES		
Payroll and related costs	$	89,798
General and administrative	$	3,027
Professional services	$	4,701
Advertising and marketing	$	9,241
TOTAL OPERATING EXPENSES	**$**	**106,767**
OPERATING(LOSS)	**$**	**(97,155)**
OTHER INCOME (EXPENSE)	**$**	**-**
NET (LOSS)	**$**	**(97,155)**
MEMBER'S EQUITY (DEF1CIT), BEGINNING	**$**	**2,904**
Member contributions	$	15,305
MEMBER'S EQUITY (DEF1CIT), ENDING	**$**	**(78,947)**

SUGAR SUGAR FRANCHISE SYSTEMS, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022 AND 2021

SUGAR SUGAR FRANCHISE SYSTEMS, LLC

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Independent Auditor's Report

To the Member
Sugar Sugar Franchise Systems, LLC
Scottsdale, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Sugar Sugar Franchise Systems, LLC as of December 31, 2022, and 2021 and the related statements of operations, member's equity (deficit) and cash flows for the years ended December 31, 2022, 2021 and 2020 and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Sugar Sugar Franchise Systems, LLC as of December 31, 2022, and 202 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sugar Sugar Franchise Systems, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sugar Sugar Franchise Systems, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sugar Sugar Franchise Systems, LLC's ability to continue as a going concern for a reasonable period of time.

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

Reese CPA LLC

Ft. Collins, Colorado
April 27, 2023

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 117,604	$ 22,187
TOTAL CURRENT ASSETS	117,604	22,187
NON-CURRENT ASSETS	-	-
TOTAL ASSETS	$ 117,604	$ 22,187
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Non-refundable deferred franchise fees	$ 12,300	$ 3,900
TOTAL CURRENT LIABILITIES	12,300	3,900
NON-CURRENT LIABILITIES		
Non-refundable deferred franchise fees	102,400	34,450
TOTAL LIABILITIES	114,700	38,350
MEMBER'S EQUITY (DEFICIT)	2,904	(16,163)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	$ 117,604	$ 22,187

The accompanying notes are an integral part of this financial statement.

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
REVENUES			
Franchise fees	$ 7,650	$ 650	$ -
Other revenue	2,074	39	-
TOTAL REVENUES	9,724	689	-
OPERATING EXPENSES			
Payroll and related costs	24,979	78,856	35,502
General and administrative	1,534	11,280	1,964
Professional services	5,768	2,925	33,266
Advertising and marketing	-	2,515	2,520
TOTAL OPERATING EXPENSES	32,281	95,576	73,252
OPERATING (LOSS)	(22,557)	(94,887)	(73,252)
OTHER INCOME (EXPENSE)	-	91,015	-
NET (LOSS)	(22,557)	(3,872)	(73,252)
MEMBER'S EQUITY (DEFICIT), BEGINNING	(16,163)	(28,914)	104
Member contributions	41,624	16,623	44,234
MEMBER'S EQUITY (DEFICIT), ENDING	$ 2,904	$ (16,163)	$ (28,914)

The accompanying notes are an integral part of these financial statements.

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	$ (22,557)	$ (3,872)	$ (73,252)
Adjustments to reconcile net (loss) to net cash provided by operating activities:			
Recognition of non-refundable deferred franchisee fees	(7,650)	(650)	-
Forgiveness of paycheck protection program loan	-	(91,015)	-
Non-cash contributions by member	-	-	24,036
Changes in assets and liabilities			
Non-refundable deferred franchise fees	84,000	39,000	-
Net cash used by operating activities	53,793	(56,537)	(49,216)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used) by investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	-	46,313	44,702
Member contributions	41,624	16,623	20,198
Net cash provided by financing activities	41,624	62,936	64,900
NET INCREASE IN CASH	95,417	6,399	15,684
CASH, beginning of period	22,187	15,788	104
CASH, end of period	$ 117,604	$ 22,187	$ 15,788
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sugar Sugar Franchise Systems, LLC ('the Company') was formed as a limited liability company on May 24, 2018, in the State of Arizona. The Company offers qualified purchasers the right to establish and operate an organic boutique style spa specializing in sugaring hair removal, airbrush tanning, facials, and skincare.

Parent and affiliates

Our parent company is Microspa Concepts, LLC.

The Company has two affiliates that sell goods to franchisees. Skin From Scratch, LLC sells inventory items for resale to customers, such as certain beauty products, merchandise, and other retail items. Cubed Sugar, LLC sells operating supplies used in rendering treatments and services, such as sugar, cleanser, powder, etc. The Company's affiliates have never offered franchises in this or any other line of business and neither has operated a Sugar Sugar facility.

The principals of the Company's parent operate 2 businesses similar to the franchise offered by the Company.

Summary of Franchise Outlet Activity

Changes in the number system outlets for the years ended December 31, 2022, 2021, and 2020 consist of the following:

	2022	2021	2020
Outlets in operation, beginning	2	2	2
Outlets opened	-	-	-
Outlets terminated or closed	-	-	-
Outlets in operation, ending	2	2	2
Franchised Outlets	-	-	-
Affiliate owned Outlets	2	2	2

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying financial statements have been prepared in conformity with and in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not record an allowance for uncollectible accounts at December 31, 2022, and 2021. Bad debt expense was $0, $0, and $0 for the years ended December 31, 2022, 2021, and 2020. Bad debt recovery was$0, $0 and $0 for the years ended December 31, 2022, 2021, and 2020.

Income Taxes

The Company has elected to be taxed as a disregarded entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state income taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax periods ending December 31, 2022, 2021, and 2020 for U.S. Federal Income Tax and for the State of New York Income Tax.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2022, 2021, and 2020 were$0, $2,515 and $2,520.

Revenue Recognition

The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is symbolic intellectual property. Revenues related to the license are continuing royalties that are 6% of franchisee gross revenues. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

Revenue from initial franchise and training fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

The Company has no revenue for the year ended December 31, 2020.

Brand and System Development Fund Fee

Contributions to the brand and system development fund are 1% of monthly gross revenue with a minimum of $300 per month. Contributions will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any fund contributions during the year ended December 31, 2020.

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2022	December 31, 2021
Non-refundable Deferred Franchise Fees:		
Balance Beginning of year	$ 38,350	$ -
Deferral of franchise acquisition costs	84,000	39,000
Recognition of franchise acquisition costs	(7,650)	(650)
Balance at End of Year	$ 114,700	$ 38,350

Estimated Recognition of Non-refundable Deferred Franchise Fees

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2022, is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2023	$ 12,300
2024	12,300
2025	12,300
2026	12,300
2027	12,300
Thereafter	53,200
	$ 114,700

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2021, and 2020 is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	$ 2,074	$ 39	$ -
Performance obligations satisfied through the passage of time	7,650	650	-
Total revenues	$ 9,724	$ 689	$ -

SUGAR SUGAR FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – COVID-19 RELIEF

During 2020 the Company borrowed $44,702 from the Small Business Administration ("SBA") under the Paycheck Protection Program for COVID-19 relief. As of December 31, 2021, that borrowing has been forgiven in full by the SBA. The amount is reported as other income in the accompanying Statement of Operations for the year ended December 31, 2021.

During 2021 the Company borrowed $46,313 from the Small Business Administration ("SBA") under the Paycheck Protection Program for COVID-19 relief. As of December 31, 2021, that borrowing has been forgiven in full by the SBA. The amount is reported as other income in the accompanying Statement of Operations for the year ended December 31, 2021.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 27, 2023, the date on which the financial statements were available to be issued.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Sugar Sugar Franchise Systems, LLC ("we" or "us), and you are preparing to enter into a Franchise Agreement for the operation of a Sugar Sugar franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes__	No__	l.	Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
Yes__	No__	2.	Have you received and personally reviewed the Franchise Disclosure Document we provided?
Yes__	No__	3.	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
Yes__	No__	4.	Did you receive the Franchise Disclosure Document at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
Yes__	No__	5.	Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?
Yes__	No__	6.	Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
Yes__	No__	7.	Have you discussed the benefits and risks of developing and operating a Sugar Sugar franchise with an existing Sugar Sugar franchisee?
Yes__	No__	8.	Do you understand the risks of developing and operating a Sugar Sugar franchise?
Yes__	No__	9.	Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

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

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant

Name (please print)	Name (please print)
Dated _____	Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____ ___, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Sugar Sugar Franchise Systems, LLC, an Arizona limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Sugar Sugar spa;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, **[enter into a successor franchise agreement]** and Franchisor has consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **[Franchisee's ability to enter into a successor franchise agreement]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **[Franchisor entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. [_____] represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Arizona.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

_____ , a
_____

By: _____
Name: _____
Its: _____

FRANCHISEE'S OWNERS

Date _____ _____
Signature

_____
Typed or Printed Name

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

Date _____ _____
Signature

_____
Typed or Printed Name

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

Date _____ _____
Signature

_____
Typed or Printed Name

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

STATE ADDENDUM

[See Attached]

CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises in the State of California, is amended to include the following:

1. Sections IV(B)(7), XV(B)(3) and XIX(B)(5) of the Franchise Agreement are amended by adding the following at the end of these sections:

This release will not apply to claims as you may have under the California Franchise Investment Law and the California Franchise Relations Act."

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

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

4. The Franchise Agreement currently requires that any litigation be conducted in Arizona. This provision may not be enforceable under California law.

5. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.

6. The franchisor, any person or franchise broker in Item 2 of the FDD is *(or not)* subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFRONIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

a. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. (Note: This is required to be disclosed in all filings.)

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

c. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

e. The franchise agreement requires binding arbitration. The arbitration will occur at (*indicate site*) with the costs being borne by (*explanation*). 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 a franchise agreement restricting venue to a forum outside the State of California.

f. The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

g. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

h. You must signed a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Franchise Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Franchise Agreement.

ILLINOIS

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. In Illinois, the payment of all initial franchise fees will be deferred until all of franchisor's pre-opening obligations to franchisee have been satisfied and franchisee has commenced doing business. In Illinois, the Office of the Attorney General has imposed this deferral requirement due to franchisor's financial condition. Accordingly, the text of Section V.A. of the Franchise Agreement is hereby replaced with the following:

"Initial Franchise Fee. You must pay to us an Initial Franchise Fee of $39,000, payable when we have completed all of our pre-opening obligations to you and you have begun operating your franchised business. The Initial Franchise Fee is fully earned by us upon receipt and is non-refundable."

2. To the extent that Article XX of the Franchise Agreement would otherwise violate Illinois law, these sections are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

3. The Illinois Franchise Disclosure Act, as amended, applies to this transaction and supersedes any conflicting provisions of the Franchise Agreement or Texas law.

4. Any provision in the Franchise Agreement that would require you to waive any right granted by the Illinois Franchise Disclosure Act is deleted from the Franchise Agreement.

INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the disclosure document, the Franchise Agreement, or Arizona law, if the provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as including any material breach of the Franchise Agreement, will supersede the provisions of Article XVIII of the Franchise Agreement to the extent Article XVIII may be inconsistent with this prohibition.

3. Any provision in the Franchise Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that the provision violates this law.

4. Section XI.C of the Franchise Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement as a second paragraph to Section XX.K:

Notwithstanding the foregoing provisions of this Section XX.K, any provision in this Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. Any provision in the Franchise Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void to the extent that the provision violates this law.

2. Any provision in the Franchise Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void to the extent that the provision violates this law. Subject to Article XX of the Franchise Agreement, claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland.

MINNESOTA

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that the contractual provision violates this law.

2. Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to exclusive mediation.

3. The following language will appear as a second paragraph of Section XX.K of the Agreement.

Pursuant to Minnesota Statutes, Section 80C.21, Section XX.K of this Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

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

5. We will protect your rights under this Franchise Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and the System Standards.

NEW YORK

In the State of New York only, this Disclosure Document is amended as follows:

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

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

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

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

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**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.

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

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

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

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

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

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

NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Franchise Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. To the extent that Article XX of the Franchise Agreement would otherwise violate North Dakota law, these sections are amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

3. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Franchise Agreement or Arizona law.

4. Article XX of the Franchise Agreement is amended to include a statement that in the event that either party will make a demand for mediation, such mediation will be conducted in a mutually agreed upon site.

5. Article XX of the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This jury trial waiver is deemed deleted and shall not in any way abrogate or reduce any rights of the franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

6. Article XX of the Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Agreement.

7. Article XX of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and is deemed amended to allow claims to be brought within the applicable statute of limitations under North Dakota law.

RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. To the extent that Article XX of the Franchise Agreement would otherwise violate Rhode Island law, these sections are amended by providing that all litigation by or between you and us, involving a business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

VIRGINIA

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

WASHINGTON

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. 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 an 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.

2. In any mediation involving a franchise purchased in Washington, the mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.

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

4. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when signed 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 the right to a jury trial may not be enforceable.

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

6. All fees payable to us under the terms of the Franchise Agreement are subject to deferral pursuant to order of the State of Washington. Accordingly, you shall pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

WISCONSIN

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats. supersedes any provisions of the Franchise
Agreement that are inconsistent with that law.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

PROSPECTIVE FRANCHISEE

_____
(Signature)

_____
(Name)

_____
(Signature)

_____
(Name)

EXHIBIT "K"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	May 3, 2023
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	June 13, 2023
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "L"

TO DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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 Sugar Sugar Franchise Systems, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sugar Sugar Franchise Systems, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D 20580, and the appropriate state agency listed in EXHIBIT "A" to this disclosure document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ William Johner; 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254; (425) 876-0565

____ Aimee Blake; 16255 N. Scottsdale Road, Suite C3, Scottsdale, Arizona 85254; (425) 750-2021

____ Jeri Lucco; 2593 Snouffer Pl., Columbus, Ohio 43235; (614) 768-3884

Issuance Date: April 27, 2023

Sugar Sugar Franchise Systems, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document dated April 27, 2023 that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Sugar Sugar Franchise Systems, LLC
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "J"	State Addendum
EXHIBIT "K"	State Effective Dates
EXHIBIT "L"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Sugar Sugar Franchise Systems, LLC.)

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Print Name

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Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Sugar Sugar Franchise Systems, LLC.)