BLACKLINE

FRANCHISE DISCLOSURE DOCUMENT

Waxing the City Franchisor LLC
a Delaware limited liability company
111 Weir Drive
Woodbury, MN 55125
866-956-4612 [ph]
franchise@waxingthecity.com
www.waxingthecity.com

WAXING THE CITY

Waxing the City Franchisor LLC is offering franchises for the use of the trademark "WAXING THE CITY®" and related trademarks and service marks for the operation of a business offering a studio experience focused on body and facial waxing for men and women and the sale of related products and services ("**Waxing Studio**").

The total investment necessary to begin operation of a Waxing the City franchise ranges from $~~223,965~~310,801 to $~~493,428~~540,613. This includes $~~100,422~~105,222 to $~~146,535~~171,932 that must be paid to the franchisor or its affiliates. If you sign an Area Development Agreement, you will pay to the franchisor a Development Fee based upon the number of Waxing Studios you agree to open, which replaces the Initial Franchise Fee you would have paid for these Waxing the City franchises.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your sales representative at 111 Weir Drive, Woodbury, Minnesota 55125, telephone 866-956-4612.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: April ~~19~~18, ~~2022~~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 find their names and contact information in Item 20 or Exhibit C.
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 D 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 WAXING THE CITY® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a WAXING THE CITY® franchisee?	Item 20 or Exhibit C 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 Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation at a place selected by the mediator more than 100 miles from your principal office, by arbitration in Minnesota (or if franchisor's principal office is not in Minnesota, at the office of the American Arbitration Association located closest to its principal office) and/or by litigation only in Minnesota. 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 Minnesota than in your own state.

2. **Minimum Fees.** You must make minimum royalty 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.

3. **Supplier Control.** You must purchase all or nearly all of the inventory, equipment or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" to see whether your state requires other risks to be highlighted.

NOTICE MANDATED BY SECTION 8 OF MICHIGAN'S FRANCHISE INVESTMENT ACT

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

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

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

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

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

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, G. Mennen Williams Building, 525 West Ottawa Street, Lansing, Michigan 48909, telephone: (517) 373-7117.

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EXHIBITS:

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

To simplify the language in this Franchise Disclosure Document "**Waxing the City**" or "**we,**" "**us**," or "**our**" means Waxing the City Franchisor LLC, the "**Franchisor**." "**You**" or "**your**" means the person, corporation, limited liability company, partnership or other business entity that buys the franchise, the "**Franchisee**." If you are a corporation, limited liability company, partnership or other entity, "**you**" includes the franchisee's owners.

The Franchisor

We are a Delaware limited liability company formed on October 25, 2021. Our principal business address is 111 Weir Drive, Woodbury, Minnesota 55125. We do business under our corporate name and as "Waxing the City," and under no other names. We began offering franchises for the operation of Waxing Studios in November 2021. We do not conduct business in any other line of business nor do we offer franchises in any other line of business. We have no other business activities.

Our agents for service of process are disclosed on Exhibit A.

The Business

We offer franchises for the establishment, development and operation of businesses offering facial and body waxing services for men and women, as well as other related products and services, such as skincare, eyelash, beauty and brow enhancement, under the "WAXING THE CITY®" trademark and other trademarks, trade names, service marks, and commercial symbols we may authorize ("**Marks**"). These businesses are referred to in this Disclosure Document as a "**Waxing Studio**". You will operate using a unique system with high standards of service, including valuable know-how, information, trade secrets, confidential information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, the sale of proprietary products, and research and development connected with the operation and promotion of Waxing Studios ("**System**"). We can change or otherwise modify the System at any time as we see fit.

You must construct and operate your Waxing Studio per our standard business operating practices and sign our standard franchise agreement ("**Franchise Agreement**"). Your Waxing Studio must offer authorized services and products, specifically including facial and body waxing services, and the sale of related products and services, offer the various types of memberships we specify, and must follow our policies and procedures. Your Waxing Studio must be open for business a minimum of 6 days a week. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Waxing Studio at any time in our sole discretion, and change and modify our policies.

You will have the right to operate a single Waxing Studio at a location we specify in your Franchise Agreement. We also offer qualified people the right to develop multiple Waxing Studios within a specific territory under the terms of an Area Development Agreement. If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Waxing Studio you develop under your Area Development Agreement. You will sign the Franchise Agreement when you sign the Area Development Agreement. The form of that agreement will be the form attached to this Disclosure Document. Later Franchise Agreements you sign will be in the form of agreement we use at the time you sign the agreement. The terms of those agreements may differ from the form attached to this Disclosure Document.

We retain the right, in our sole discretion, to choose to award or not to award a franchise to any prospective franchisee, and to cease discussions regarding the awarding of a franchise at any time, regardless of the stage of the franchise award process or the time and money spent by you or any other prospective franchisee.

Our Parents, Predecessors and Certain Affiliates

Parents

We are a direct wholly owned subsidiary of SEB Systems LLC ("**Systems**"). Systems is a direct wholly owned subsidiary of SEB Funding LLC ("**Funding**") which is a direct wholly owned subsidiary of SEB SPV Guarantor LLC ("**Guarantor**"). Guarantor is a direct wholly owned subsidiary of Anytime Fitness, LLC who is acting as our manager as discussed below. The parent company of Anytime Fitness, LLC is Self Esteem Brands, LLC ("**SEB**"). SEB is owned by Anytime Worldwide, LLC. The majority of Anytime Worldwide, LLC is owned by Anytime Holdings, Inc. We do not have any other parent companies. All of the entities disclosed in this paragraph have the same principal business address as we do.

Predecessors

~~We have two predecessors, Waxing the City Franchising, LLC ("**WTC Franchising**") and~~Our predecessor is Waxing the City Worldwide, LLC ("**WCWLLC**"). ~~WTC Franchising has a principal business address of 1221 Eastlake Court, Loveland, Colorado 80537.~~ WCWLLC has the same principal business address as we do.

~~WTC Franchising~~WCWLLC's predecessor began offering franchises under the "Waxing the City" name in May 2010. In October 2012, WCWLLC purchased substantially all of the assets of ~~WTC Franchising. When WCWLLC acquired the assets, there were 5 Waxing the City franchises in operation, 4 of which were indirectly owned by the members of WTC Franchising. WTC Franchising no longer offers franchises for this business, and has never offered~~its predecessor and began offering these franchises~~in any other line of business~~.

In November 2021, as part of the Securitization Transaction (described below), WCWLLC transferred all existing U.S. franchise, area development and related agreements for Waxing the City locations to us, and we became the franchisor of all existing and future franchise, area development and related agreements. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Waxing the City locations in the U.S. were also transferred to us. WCWLLC has operated Waxing the City studios since December 2012 and offered Waxing the City franchises from October 2012 to November 2021. WCWLLC no longer offers franchises for this business, and has never offered franchises in any other line of business. As of December 31, 2022, WCWLLC had 6 company-owned studios. WCWLLC intends to sell these company-owned studios.

Affiliates

We have affiliates that offer franchises in other lines of business as discussed below. None of these affiliates have conducted the type of business that a Waxing the City franchisee will operate nor have they offered franchises for the type of business a Waxing the City franchisee will operate. All of these affiliates have the same principal business address as we do.

Our affiliate, Anytime Fitness Franchisor, LLC ("**Anytime Fitness**"), is the franchisor of the Anytime Fitness and Anytime Fitness express brands. Anytime Fitness offers franchises for the operation of fitness centers designed to operate with minimal overhead and labor costs under the trademark, "Anytime

Fitness®" and "Anytime Fitness Express®". It and its predecessor Anytime Fitness, LLC ("**AFLLC**"), have been offering Anytime Fitness franchises since October 2002 and Anytime Fitness Express franchises since October 2006. AFLLC has operated Anytime Fitness centers since January 2005, and an Anytime Fitness Express center from October 2006 to 2009. In November 2021 the agreements under which these franchises were operated were transferred to Anytime Fitness as part of the Securitization Transaction discussed below. As of December 31, ~~2021~~2022, Anytime Fitness had ~~2,334~~2,318 franchised centers in operation in the United States and AFLLC had ~~13~~12 company-owned centers. AFLLC also acts as our manager as discussed below. Our affiliate, Anytime Fitness Iberia, SLU ("**AFI**"), offers and sells Anytime Fitness franchises for Anytime Fitness locations in Spain. Its principal business address is c/ Llacuna 75-81, 08005 Barcelona, Spain. AFI has operated Anytime Fitness Centers in Spain since October 2019 and has offered Anytime Fitness franchises in Spain since 2013. ~~It has operated Anytime Fitness centers in Spain since October 9, 2012.~~ As of December 31, ~~2021~~2022 it had ~~29~~34 franchised centers and 4 company-owned centers in Spain.

Our affiliate Basecamp Fitness Franchisor LLC ("**Basecamp**"), is the franchisor of the Basecamp Fitness brand. It offers studio fitness center franchises under the Basecamp Fitness name that offer memberships allowing members to take short, regularly scheduled group training classes designed using High Intensity Interval Training strategies. It and its predecessor Basecamp Fitness, LLC ("**BFLLC**"), have been offering these franchises since April 2020. BFLLC has operated Basecamp Fitness studios since May 2019. In November 2021 the agreements under which these franchises were operated were transferred to Basecamp as part of the Securitization Transaction discussed below. As of December 31, ~~2021~~2022, Basecamp had ~~6~~9 franchised studios operating in the United States and BFLLC had ~~6~~5 company-owned studios.

Our affiliate The Bar Method Franchisor LLC ("**The Bar Method Franchising**"), is the franchisor of the Bar Method brand. It offers boutique fitness studio franchises under the Bar Method name that offer barre-based exercise classes using proprietary and non-proprietary instructional techniques, formats and methods designed to provide fitness training in an attractive atmosphere. It and its predecessor The Bar Method Franchising, LLC ("**TBMLLC**"), has been offering these franchises since January 2008. The Bar Method, LLC ("**TBM**") offered rights for Bar Method studios from June 2003 until October 2007 and assigned those agreements to TBMLLC in January 2008 at which time TBMLLC began offering Bar Method franchises. In November 2021 the agreements under which these franchises were operated were transferred to The Bar Method Franchising as part of the Securitization Transaction discussed below. As of December 31, ~~2021~~2022, The Bar Method Franchising had ~~78~~75 franchised studios in operation in the United States. TBMLLC began operating a Bar Method studio in 2021.

We have 2 affiliates that sell goods or services to our franchisees. PV Distribution LLC ("**ProVision**") sells information technology services, technology, and security systems, including computers, sound systems, software and other related components to our franchisees and can provide technology support, monitoring, and installation services for your Waxing Studio. SEB Distribution SPV LLC **("SEB Distribution")** sells Waxing the City branded and other products for use and retail sale in your Waxing Studio. The principal business address of these affiliates is the same as our principal business address. None of these affiliates have conducted the type of business that a Waxing the City franchisee will operate nor have they offered franchises for the type of business a Waxing the City franchisee will operate.

Securitization Transaction

Under a securitization financing transaction which closed in November 2021 (the "**Securitization Transaction**"), SEB and its affiliates were restructured. As part of the Securitization Transaction, our predecessor, WCWLLC, transferred to us all existing U.S. franchise, area development and related agreements for Waxing the City outlets, and we became the franchisor of all existing and future franchise, area development and related agreements. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Waxing the City outlets in the U.S. were also transferred to us.

At the time of the closing of the Securitization Transaction, AFLLC entered into a management agreement with us to provide the required support and services to our franchisees under their franchise and area development agreements with us. AFLLC also acts as our franchise sales agent. We will pay management fees to AFLLC for these services. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise or Area Development Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

Market Competition

You will sell body and facial waxing services to the general public, as well as other related products and services, such as skincare, eyelash, beauty and brow enhancement. The market for hair removal and beauty enhancement services and products is developed and competitive. As such, you will be competing for customers with other companies and organizations who offer hair removal products and beauty enhancement services, including waxing and laser technology. Competitors may include individuals and small to medium size companies, as well as similar franchise systems and large corporations. Sales may be seasonal.

Regulations

Your Waxing Studio will be subject to national, state and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, taxes, hazardous material communication to employees, data privacy, and business licensing requirements. In addition, you must comply with all zoning laws and regulations applicable to the Waxing Studio. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry (**"PCI"**) Data Security Standard (**"DSS"**). Compliance with the PCI DSS is your responsibility. You must also comply with personal information, data protection and data privacy laws that affect the safekeeping of member information, and regulations that apply to electronic marketing, like faxes, emails, text messaging and telemarketing. Your business is subject to state and federal regulations that allow the government to restrict travel, require businesses to close or otherwise restrict business operations during state or national emergencies.

A number of states have licensing and permitting laws and regulations that may be applicable to the Waxing Studio. For example, many jurisdictions have laws which require aesthetician licensing, cosmetologist licensing, other related licensing, bonding, insurance, compliance with certain building codes, safety regulations, health requirements and other similar requirements. Your Waxing Studio may be required to comply with one or more of these requirements in your jurisdiction. You and your employees must obtain all required licenses and permits and ensure that your employees and others providing products and services to customers on behalf of your Waxing Studio have all required licenses and permits.

In addition, clients of Waxing the City studios have the ability to purchase memberships~~ or pre-paid service packages~~. Our membership program is offered through the entire system and your participation is required. Some states have laws regulating the sale of memberships ~~or pre-paid service packages ~~and the offering of financing arrangements used in purchasing memberships~~ or pre-paid service packages~~, which may require registration and acquisition of a permit to engage in such activity. These laws are designed to protect the public from being taken advantage of with respect to financing fees and terms, but some laws apply even if no financing terms apply. Compliance with escheat laws may also be required. We require you to obtain a surety bond to protect customers who purchase memberships~~ or pre-paid service packages~~.

You should investigate whether there are any regulations and requirements that may apply in the geographic area in which you are interested in locating your Waxing Studio, and you should consider both their effect and the cost of compliance. You may also be required to register your business location with a state agency. You should also investigate state sales tax obligations that may affect your Waxing Studio.

ITEM 2
BUSINESS EXPERIENCE

President – Dave Mortensen

Mr. Mortensen has served as the President for us, Anytime Fitness, Basecamp and The Bar Method Franchising since October 2021. He has been the President and Secretary of our predecessor WCWLLC, as well as a Governor, since its formation in September 2012. He is also one of the founders of Anytime Fitness, and has served as the Secretary and a Governor of AFLLC since December 2009 and as its President since January 2013. He was appointed as President, Chief Financial Officer/Treasurer and Secretary of our affiliate ProVision Security Solutions, LLC in October 2009. In December 2009, he was appointed as Secretary and a Governor of this organization. He has held these same positions for ProVision since October 2021. Mr. Mortensen has been the Vice President and a Governor of BFLLC since August 2018, and the Vice President of TBMLLC since September 2019.

Chief Executive Officer – Charles Runyon

Mr. Runyon has served as the Chief Executive Officer for us, Anytime Fitness, Basecamp and The Bar Method Franchising since October 2021. He has served as the Chief Executive Officer and Governor of our predecessor WCWLLC, as well as a Governor, since September 2012. He is also one of the founders of Anytime Fitness, and has served as a Director of AFLLC since February 2002, until he was appointed as a Governor, President and Chief Manager in December 2009. In January 2013, he transitioned from the role of President to Chief Executive Officer of AFLLC. Mr. Runyon has been the President and a Governor of BFLLC since August 2018, and the President of TBMLLC since September 2019.

Chief Financial Officer – R. John Pindred

Mr. Pindred has served as the Chief Financial Officer for us, Anytime Fitness, Basecamp and The Bar Method Franchising since October 2021. He has also served as the Chief Financial Officer/Treasurer of our predecessor WCWLLC since November 2014. Mr. Pindred has been the Chief Financial Officer/Treasurer of AFLLC since November 2014, BFLLC since August 2018 and the Chief Financial Officer of TBMLLC since September 2019.

General Counsel and Secretary – James Goniea

Mr. Goniea has served as the General Counsel and Secretary for us, Anytime Fitness, Basecamp and The Bar Method Franchising since October 2021. He has held these same positions with BFLLC since August 2018 and TBMLLC since September 2019. He has held the position of General Counsel with our predecessor WCWLLC since October 2017 and with AFLLC since October 2017~~. From January 2016 to~~

~~September 2017, he was a partner at Einbinder Dunn & Goniea LLP (now Einbinder & Dunn LLP) a law firm in New York, New York~~.

Chief Development Officer – ~~Jedidiah Schmidt~~Matt Stanton

Mr. ~~Schmidt~~Stanton has served as the Chief Development Officer for ~~WCWLLC,~~ AFLLC, WCWLLC, BFLLC and TBMLLC since January ~~2020~~2023. ~~He leads the Franchise Sales, Real Estate and Market Development teams. Mr. Schmidt joined SEB in June 2016 and served in various roles: from June 2016 to October 2018 he was President of our affiliate ProVision Security Solutions, LLC and from~~From October 2021 to January 2023 he served as the Chief Growth Officer for MHI Restaurant Group, LLC located in Denver, Colorado. From December 2017 to October ~~2018 to January 2020 he was Brand President of BFLLC.~~

~~**Chief Operating Officer – Angela Jaskolski**~~

~~Ms. Jaskolski has~~2021 he served as ~~the~~ Chief ~~Operating~~Development Officer for ~~WCWLLC, AFLLC, BFLLC and TBMLLC since September 2020. From September 2019 to September 2020, she was the Studio Division President for WCWLLC. From August 2016 to September 2019, she was the Brand President for WCWLLC. Ms. Jaskolski was the Senior Vice President of Strategic Operations for WCWLLC from April 2016 to August 2016.~~ WellBiz Brands, Inc, located in Englewood, Colorado.

Chief Marketing Officer – April Anslinger

Ms. Anslinger has served as the Chief Marketing Officer for SEB, AFLLC, WCWLLC, BFLLC and TBMLLC since March 2021. Before joining SEB, from February 2018 to January 2021, she served as the Senior Vice President, General Manager of North America Aveda for the Estee Lauder Companies. ~~From April 2016 to October 2017 she was the Chief Growth Officer for the Schwan Food Company, located in Marshall, Minnesota.~~

Brand President – Nicholas Herrild

Mr. Herrild has served as the Waxing the City Brand President for our manager AFLLC since November 2021 and as the Brand President of our predecessor WCWLLC since September 2019. He joined WCWLLC in December 2017 as its Vice President of Franchise Support and served in that role until September 2019~~. From March 2016 to December 2017, he was the Senior Director of Operations for Caribou Coffee in Minneapolis, MN~~.

Director of Franchise Support – Derrick Martini

Mr. Martini has served as the Waxing the City Director of Franchise Support for AFLLC since November 2021. He has served in this role for our predecessor WCWLLC since February 2020. He was the Senior Franchise Business Consultant Manager with AFLLC from June 2017 to February 2020. Before his Senior Manager role, he was a Franchise Business Consultant with AFLLC from December 2014 to June 2017.

Director of Education & Training – Summer Hartshorn Vasilas

Ms. Hartshorn Vasilas has served as the Waxing the City Director of Education and Training for AFLLC since November 2021. She served in this same role with our predecessor WCWLLC since October 2012 and is one of the founders of the Waxing the City brand. She has also served as Chief Technical Officer and an aesthetician for ~~WTC~~WCWLLC's predecessor, Waxing the City Franchising, LLC, since February 2010. Ms. Hartshorn Vasilas also served as a Chief Technical Officer of MARS Dallas since September 2009, which has been operating a Waxing the City business in Texas.

Director of Education & Training – Alexandria Arlotta

Ms. Arlotta has served as the Waxing the City Director of Education and Training for AFLLC since November 2021. She served in this same role with our predecessor WCWLLC, since April 2014. Before that, she served as a Director of Training with WCWLLC beginning in October 2012. Ms. Arlotta is one of the founders of the Waxing the City brand. She has also served as the Chief Technical Officer and an aesthetician for ~~WTC~~WCWLLC's predecessor, Waxing the City Franchising, LLC, since February 2010. Ms. Arlotta has also served as a Chief Technical Officer of MARS Dallas since September 2009, which has been operating a Waxing the City business in Texas.

Director of Brand Operations – Emily Moore

Ms. Moore has served as the Waxing the City Director of Brand Operations for AFLLC since March of 2021. She was the Senior Manager of Brand Operations for WCWLLC from October 2018 to March 2021. Before that she held the following roles: Project Manager for SEB (December 2017 to October 2018), Operations Project Manager for WCWLLC (November 2016 to December 2017), and Creative Services Project Manager for SEB (May 2016 to November 2016).

Senior Vice President of Franchise Administration – Jennifer Yiangou

Ms. Yiangou has served as the Senior Vice President of Franchise Administration for WCWLLC, AFLLC, BFLLC and TBMLLC since September 2020. From October 2012 to September 2020 she was the Vice President of Franchise Administration for WCWLLC. She also served as the Vice President of Franchise Administration of AFLLC from January 2008 to September 2020, with BFLLC from August 2018 to September 2020, and with TBMLLC from September 2019 to September 2020.

Chief Technology Officer – Ryan Masanz

Mr. Masanz has served as the Chief Technology Officer for WCWLLC since October 2012, AFLLC since October 2012, BFLLC since August 2018, and TBMLLC since September 2019.

Chief Information Officer – ~~Douglas Reynolds~~Chris Sullivan

Mr. ~~Reynolds~~Sullivan has served as the Chief Information Officer for AFLLC, WCWLLC, BFLLC and TBMLLC since ~~July 2021. From March 2017 to April 2021 he served as the Chief Information Officer and Executive Vice President for Starkey Hearing Technologies located in Eden Prairie, Minnesota~~January 2023. Mr. Sullivan joined SEB in November 2018 as the Senior Manager of International Platforms. In March 2020, he was promoted to Senior Director of International Technology and Payments. In September 2020, he was promoted to Vice President of Information Technology. From February ~~2017~~2018 to ~~March 2017 he served as President of Digineer, Inc., a consulting services company~~November 2018, he was a senior consultant at Project Consulting Group located in Minneapolis, MN. From September 1997 until January 2018, he held various roles at Target Corporation culminating as Senior Director of Finance Business Systems and Services, located in ~~Plymouth~~Minneapolis, Minnesota.

Vice President of Sales – Tony Nicholson

Mr. Nicholson has served as Vice President of Sales for SEB since January 2021. Mr. Nicholson joined SEB in February 2012 and has held various roles in the organization; initially as Director of Services and Personal Training for AFLLC from February 2012 to August 2014. From August 2014 to May 2016, Mr. Nicholson served as Director of Anytime Health, LLC, Anytime Fitness' former health and wellness platform. From May 2016 to January 2021, Mr. Nicholson served as Director of Sales of SEB.

Vice President of Real Estate – Mark Norman

Mr. Norman has served as the Vice President of Real Estate for AFLLC, BFLLC, WCWLLC and TBMLLC since September 2019. From April 2017 to September 2019, Mr. Norman served as Vice President of Real Estate for Regis Corporation in Minneapolis, Minnesota. ~~From September 2016 to~~

~~April 2017 he was Associate Vice President of Real Estate at Regis Corporation in Minneapolis, Minnesota.~~

Director of Financing – Timothy Smith

Mr. Smith has served as the Director of Financing for WCWLLC since October 2012, AFLLC since December 2009, BFLLC since August 2018, and TBMLLC since September 2019. From February 2013 to present has been President of~~ our affiliate~~ Franchise Financial, LLC.

ITEM 3
LITIGATION

There is no litigation required to be disclosed in the Item regarding the Waxing the City brand.

~~Remarck Partners, LLC vs. Gibson Center, L.P., et al. Superior Court for the State of California, Yolo County, Case No. CV-17-1747, filed October 24, 2017. Plaintiff Remarck Partners, bought a shopping center in which an Anytime Fitness franchisee had planned to lease space to develop an Anytime Fitness center. Plaintiff sued the seller, Gibson Center, L.P., along with our affiliate's predecessor Anytime Fitness, LLC and Franchise Real Estate LLC ("FRE"), our affiliate that formerly offered site selection assistance and lease negotiation services to Anytime Fitness franchisees, for allegedly fraudulently failing to disclose that the franchisee was trying to get out of the lease and could not move forward with opening a club due to significantly changed financial circumstances. Plaintiff subsequently filed an Amended Complaint on or about January 11, 2018 adding claims against the franchisee. Anytime Fitness and FRE filed a motion to dismiss all claims brought against both entities, but that motion was denied. In November, 2019 Anytime Fitness entered into a settlement agreement with the plaintiff. The settlement agreement resolved all claims against Anytime Fitness and FRE, except for certain cross-claims by Gibson Center, a former owner of the shopping center at issue. Those cross claims are still pending. The final settlement agreement provides that neither Anytime Fitness nor FRE will pay any amount, but they will dismiss their claims against Remarck in exchange for Remarck's dismissal of its claims against Anytime Fitness and FRE. We are not a party to this litigation.~~

The following disclosures relate to our affiliate, TBM and TBMLLC, in connection with the offering of boutique fitness studios that offer barre-based exercise classes under the name Bar Method®:

Illinois v. The Bar Method Franchising Inc. and The Bar Method Inc. (Case No. 2009CH 0125, Seventh Judicial Circuit of Illinois, filed February 9, 2009). The Illinois Attorney General brought this action against Defendants alleging the agreement between TBM and an Illinois resident that TBM assigned to TBMLLC in January 2008 constituted a franchise that was not registered under the Illinois Franchise Disclosure Act, and that TBM did not provide a franchise disclosure document to the operator as that statute requires. On February 9, 2009, Defendants agreed to the entry of a Final Judgment and Consent Decree in which, while not admitting any liability for any violations, Defendants agreed to the entry of a permanent injunction prohibiting Defendants from offering or selling franchises in Illinois without being registered as a franchisor or failing to provide the franchise disclosure document to residents of Illinois as the Illinois Franchise Disclosure Act requires. TBMLLC also agreed to offer rescission of the agreement to the Illinois operator and to the payment of penalties and costs to the State of Illinois in the amount of $5,000. The Illinois operator did not accept the offer of rescission and its agreement continues in effect.

In the Matter of the Investigation by Andrew Cuomo, Attorney General of the State of New York, of The Bar Method Inc. and Carl Diehl (Assurance No. 08-108). On April 2, 2009, TBM and Mr. Diehl, as its Vice President, entered into an Assurance of Discontinuance ("**AOD**") under which, without admitting any violation of the law, they agreed to offer rescission of an agreement that TBM signed in New York without being registered to sell franchises in that state. As part of the AOD, TBM and Mr. Diehl agreed to comply with the provisions of the New York Franchises Act and not to sell franchises in New York without a current registration. TBM also paid to the State of New York the sum of $2,500. The New York operator did not accept the offer of rescission and she continues to operate her studio under the agreement.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Except as set forth below, no bankruptcy information is required to be disclosed in this Item.

Our Chief Financial Officer, R. John Pindred, was an officer of Family Christian, LLC, 5300 Patterson Avenue Southeast, Grand Rapids, Michigan 49530, from August 2004 until September 2014. On February 11, 2015, about 5 months after Mr. Pindred left that company, Family Christian, LLC, filed for protection under Chapter 11 of the United States Bankruptcy Code, Case No. 15-00643, United States Bankruptcy Court, Western District of Michigan. The deadline for filing claims passed on June 9, 2015. On August 11, 2015, Family Christian, LLC's Chapter 11 Plan of Liquidation, involving a sale of assets and continuity of operations, was confirmed. On August 1, 2016, the court issued a final decree closing the case.

ITEM 5
INITIAL FEES

Standard Franchises

You must pay us an initial franchise fee ("**Initial Franchise Fee**") for a single Waxing Studio payable when you sign your Franchise Agreement.

The Initial Franchise Fee for a single Waxing Studio is $42,500. However, we offer other pricing options for veterans, existing franchisees who are not in default under their existing Franchise Agreement(s) with us, and for prospects signing an Area Development Agreement to operate multiple franchises. A schedule of the various pricing options and fees follows:

Franchise Agreement Pricing	New Franchisee	New Franchisee Who Meets Veteran Requirements[1]	Existing Franchisee[2]	Existing Franchisee Who Meets Veteran Requirements[1, 2]
Waxing the City Franchise	$42,500	$35,000	$32,500	$30,000

1. To qualify for a veteran fee, you must be a current member of the United States military, or a veteran who received an honorable discharge from a branch of the United States military.

2. We offer a pricing option for existing franchisees of ours or of our affiliates, Anytime Fitness, The Bar Method and Basecamp Fitness, that are open and operating, and are in good standing, i.e. not subject to any uncured default notice.

~~3. If you contribute to our designated charitable contribution program, currently the HeartFirst Charitable Foundation, offered to all new franchisees, we will reduce your Initial Franchise Fee by $2,000 for the first franchise you purchase from us, and $500 for each subsequent one, if you agree to pay a charitable contribution of $100 per month from the date you open each Waxing Studio through the term of the Franchise Agreement, that we will contribute directly to the HeartFirst Charitable Foundation on your behalf, or another charity or charities we designate on your behalf. Each of your Waxing Studios that participate in this program will also be designated as a Waxing the City studio participating in our charitable contribution program, and will be able to include this designation in all advertising and promotional materials you distribute.~~

In each case, the different Initial Franchise Fees only apply to Franchise Agreements you enter into with us during the time they are offered, and do not apply to Development Fees that are payable under an Area Development Agreement. We have the right to modify or terminate any of these programs at any time. In all cases, the Initial Franchise Fee is due in full when you sign the Franchise Agreement, deemed fully earned by us once paid and is non-refundable.

You will have 12 months from the date you sign the Franchise Agreement to open and begin operating your Waxing Studio. If you want to extend that time for an additional 3 months, and we agree to allow you to do so, you must pay a $500 extension fee to us as a condition to our granting the extension. (However, we will waive this extension fee if you are actively working with our real estate team in locating a site.) After 12 months from the date you sign the Franchise Agreement, you must begin paying the Minimum Royalty Fee (see Item 6) to us, whether or not your Waxing Studio is open. If you are actively working with our real estate team in locating a site or have signed a lease with the assistance of our real estate team, we will waive the Minimum Royalty Fee until your Waxing Studio is open. The extension fee also applies if we agree to allow you to extend the date for opening of any Waxing Studio that you agree to open under your Area Development Agreement. We are not, however, obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

During ~~2021~~2022, we ~~or our predecessor~~ received Initial Franchise Fees ranging from $~~22,500~~20,000 to $42,500.

Area Development

We also offer Area Development Agreements to develop 3, 5 or more Waxing Studios.

Initial Franchise Fees

You must pay an Initial Franchise Fee in connection with each Franchise Agreement you sign under the Area Development Agreement. We offer pricing options for people who are new franchisees, veterans, and existing franchisees who are not in default under their existing Franchise Agreement(s) with us, as follows:

Initial Franchise Fee Pricing under Area Development Agreements (Standard Waxing the City Franchise)	**New Franchisee**	**New Franchisee Who Meets Veteran Requirements**	**Existing Franchisee**	**Existing Franchisee Who Meets Veteran Requirements**
3 locations	$95,000	$82,500	$95,000	$80,000
5 locations	$155,000	$132,500	$155,000	$130,000
Each additional location	+$30,000 each	+$25,000 each	+$30,000 each	+$25,000 each

If you sign an Area Development Agreement, the initial franchise fee is referred to as a Development Fee, and you pay it in full for all the Waxing Studios you commit to open, when you sign the Development Agreement. In all other cases, the initial franchise fee is due in full when you sign the Franchise Agreement. All portions of the initial franchise fee (and Development Fee) are deemed fully earned by us once paid and are non-refundable.
In all cases, the fees described above only apply to Area Development Agreements you enter into with us during the time we offer the programs. We have the right to modify or terminate any of these programs at any time.

The number of Waxing Studios we will allow you to open under an ADA may be limited by various factors, including the capacity of the DMA in which you choose to develop. For example, we will not sell a 10-location Area Development Agreement in a DMA that has a holding capacity of 5 Waxing Studios at the time you purchase. We may not allow a single franchisee to purchase more than 70% of the potential or existing locations within any given DMA.

Initial Supplies and Retail Product Package

Before you begin operating, you must purchase initial waxing supplies and a package of retail products to offer for sale in your Waxing Studio from us. This includes an initial inventory of body waxing and service offering supplies and retail products including branded products for retail sale, wax, applicators, gloves, linens and other supplies and products as described in the Operations Manual. The cost of the packages together are approximately $~~12,500~~13,500 and is non-refundable.

Compliance Drawing and Construction Documents

We will create a specific studio layout/design ("**Compliance Drawing**") of your Waxing Studio using the as-built drawings, surveys, technical data, and site plans you provide. ~~We provide one Compliance Drawing per franchise agreement.~~ If ~~additional~~ Compliance Drawings beyond the one we initially provide are needed, you will pay us $250 per Compliance Drawing. The Compliance Drawing ~~documents the design of your Waxing Studio, but~~ is not sufficient for construction and permitting. This fee is not refundable and is due upon receipt of an invoice.

You must retain our designated architectural vendor to create a complete set of detailed construction documents and to complete construction of your facility in compliance with the Compliance Drawing and our mandatory specifications ("**Construction Documents**"), and to obtain any required permits, and conform the premises to local ordinances or building codes. If you do not use our designated architectural vendor to create the Construction Documents, we will charge you a fee of $2,700 to review the Construction Documents created by another vendor. This fee is not refundable and is due upon receipt of an invoice.

Furniture, Fixtures & Equipment

You must purchase all of the components that you will need to build-out your Waxing Studio from us, including some or all of the following: (i) the furniture, fixtures, millwork and merchandising hardware kit for your Waxing Studio, including for your waxing treatment rooms, your waiting area, and your retail cash wrap counter; and (ii) design elements. We expect you will order all these items through our on-line portal and we estimate that the total payments for these components will range from $~~36,000~~41,000 to $~~44,000~~58,000. The actual amount you pay for these components will vary based on how many non-mandatory items you purchase from us, the requirements of your particular Waxing Studio, how many treatment rooms you include as part of your Waxing Studio, what products we are offering at the time of your purchase, and which of the non-mandatory products you choose to obtain from an alternate supplier. These fees are not refundable. If we find any deficiencies, you will be required to fix those deficiencies before you open your Waxing Studio.

If you choose to purchase any non-mandatory components for your studio from a different source, then you must pay us a fee to have someone inspect the opening design of your studio before your open to confirm that the components and their installation in your Waxing Studio complies with our manual. Currently, we have a designated vendor who provides millwork and fixtures for your Waxing Studio. If you choose to use a vendor other than our designated vendor to supply the millwork and fixtures for your Waxing Studio, you must pay us a fee of $2,700 to review the fabrication drawings of the vendor. You must provide us with detailed fabrication drawings for review prior to fabrication, and the millwork must match the material and fabrication techniques used by our designated vendor. The vendor must also provide all of the value-added services as our designated vendor, including the stocking of vinyl bases and stools.

We also have a designated vendor who provides the interior and exterior signage for your Waxing Studio. If you choose to use a vendor other than our designated vendor, you must pay us a fee of $1,900 to review the signage fabrication drawings. You must provide us with detailed fabrication drawings and material samples prior to fabrication. All signage and graphics must meet the same quality, resolution, material and fabrication standards and techniques used by the designated vendor.

Computers and Technology

You must purchase information technology services, technology, and network hardware including tablet or mobile devices for use in treatment rooms, computers, sound systems, software and other related components for your Waxing Studio. We recommend, but do not require, that you purchase these items from our affiliate, ProVision.

~~If~~We require that you ~~use tablets or mobile devices in treatment rooms you must~~ purchase ~~the devices and~~ the mobile device management software for your in-room tablets or mobile devices through ProVision and you must purchase, install and maintain monthly mobile device management services for those devices also through ProVision. The use of mobile devices in your studio and mobile device management services is ~~currently optional, but we may make it~~ mandatory ~~in~~and the ~~future~~monthly mobile device management software and services charges are included in your monthly Technology Fee.

ProVision offers ~~two~~three packages if you purchase these items from ProVision, which range in cost between $~~6,722 and $14,485~~8,222 to $24,882. The base package, which costs approximately $~~6,722,~~8,222 includes all of the technology components we require you to have to operate your Waxing Studio. The additional ~~package~~packages includes optional components that you may choose to purchase and install. This range ~~does not include~~includes taxes which we estimate will cost ~~an additional~~ 10% of the package cost ~~or~~and the cost of shipping or installation, which we estimate will cost ~~an additional~~ approximately ~~45~~35% of the package cost. This cost may be financed through a third party. These payments are not refundable.

Grand Opening and Ramp Up ~~Plan~~Advertising / Marketing

You must spend a minimum of $25,000 on your approved Grand Opening and Ramp Up ~~Program~~Plan as described in Items 6 and 11. ~~You will~~Currently, we do not require that you pay these amounts to us but if you fail to spend the minimum required amount, we may require you to pay the difference between what you should have spent on your Grand Opening and Ramp Up ~~Program~~Plan and what you actually spent, into the General Advertising and Marketing Fund. We may require you to pay to us the minimum required amount for the Grand Opening and Ramp Up Plan and we will execute the Grand Opening and Ramp Up Plan on your behalf. This amount would not be refundable.

ITEM 6
OTHER FEES

Type of Fee	Amount (Note 1)	Due Date	Remarks
Royalty Fee (Note 2)	Greater of (a) the Minimum Royalty Fee ($100/week), or (b) 6% of Gross Revenue.	Payable on the first Monday of each week for the prior week. (Note 3)	Gross Revenue, also referred to as Net Collections, includes all monies generated by your Waxing Studio, including by the sale of gift cards or membership package

Type of Fee	Amount (Note 1)	Due Date	Remarks
			sales (counted at time of sale), but excluding bona fide refunds, credits given or allowed to customers for the return of merchandise and amounts collected from customers and remitted by you to any governmental taxing authority in satisfaction of sales taxes. Chargebacks are not deducted from collections.
General Advertising and Marketing Fund Contributions	Currently 2% of your Gross Revenue each month.	Payable on the ~~first Monday~~fifth (5th) day of each month for the prior month. (Note 3)	We reserve the right to increase the General Advertising and Marketing Fund Contribution upon 60 days' written notice to you, provided that it will not exceed 3% of monthly Gross Revenue.
Ongoing Purchases of Wax & Service Offering Products	Varies, but currently, $56,000 to $125,750 per year	Before shipment.	We are the sole source of supply for the hard and soft wax, and waxing strips, that you will use in your Waxing Studio, and for other retail and other service-related products you will sell in your Waxing Studio. We do not currently, but we may implement a program that automatically ships supplies to your studio on a monthly basis based on your need and inventory levels at your cost.
Technology Fee (Note 4)	Currently $~~399~~599 per month~~, plus $50 to $100 per month for optional mobile device management services~~	Payable ~~monthly~~ on the first ~~business~~(1st) day of each month ~~upon activation of your studio management software account~~for the prior month by ACH. (Note 3)	You pay this fee to us. We pay most of it to the studio management software provider that will license this software to you. The fee also covers email hosting and our website maintenance. We may increase the Technology Fee upon written notice to you.
Charitable Contribution	$100 per month	On or before the first day of each month.	This is a voluntary contribution you ~~will~~may make once you open your Waxing Studio, but only if you decide to participate in our Charitable Contribution Program. ~~See Item 5 for additional information.~~
Marketing Materials	Varies, but currently $~~215~~250 to $~~360~~500 per year	When incurred.	You must purchase marketing materials for brand level ~~promotion~~promotions, such as Point of Purchase, or POP kits. We may prescribe minimum amounts you must purchase. We do not currently, but we may implement a program that automatically ships marketing materials to your studio for brand level promotions at your cost.
Conference Fee	Currently, $~~499~~599 for early registration,	When you register for the Conference	You must pay this fee for one studio, regardless of how many studios you open,

Type of Fee	Amount (Note 1)	Due Date	Remarks
	$~~599~~750 for regular registration, and $~~699~~900 for late registration		even if you do not register for our Conference. Payment of this fee covers registration for a Principal Owner of your Waxing Studio to attend our Conference. (Note 5)
Continuing Engagement Credit Fees	Up to $1,200 per Waxing Studio for each year you fail to complete 1,200 continuing engagement credits, as outlined in our Operations Manual.	During the first quarter of each calendar year.	We will contribute these fees to the General Advertising and Marketing Fund. We will prorate the requirement, and the fee, during the first year you operate.
No Show Fees	Currently, $500, or the actual costs of rescheduling travel, whichever is greater.	Immediately after notice from us.	There is no fee for most of our training programs. However, if you are scheduled for an on-site visit by a franchise business consultant or register for a training program, and you cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire program, and you did not provide us at least 2 weeks' notice that you would not be attending, then you must pay this fee.
Training Compliance Fee	Currently, $500 - $2,500	Immediately after notice from us.	You only pay this fee if you or any of your aestheticians or cosmetologists perform waxing services prior to training for those specific services, such as additional services training ($500 fee), or if you open your studio before completing your pre-opening obligations and have not obtained our consent to open ($2,500 fee).
Training for Each New Aesthetician or Cosmetologist (Note 6)	Currently no charge for virtual support. We reserve the right to charge for virtual support in the future and those charges may be paid to us or a third party. If support is provided by us in-person at any location, the current fee is $~~500 - $~~1,000 - $1,500 per day, plus actual travel and lodging expenses per trainer.	Payable before training begins.	If applicable, you are also responsible for the cost of all travel and living expenses incurred for your aestheticians and cosmetologists to attend this training.
Additional Services Training	Currently, no charge for aestheticians or cosmetologists who attend virtual training, if offered. We reserve the right to charge for virtual additional services	Immediately after notice from us.	

Type of Fee	Amount (Note 1)	Due Date	Remarks
	training and those charges may be paid to us or to a third party. If training is provided on-site at your location we will charge $~~500 - $~~1,000 - $1,500 per day, plus actual travel and lodging expenses per trainer.		
Wax Ed	Currently, we do not charge a fee to attend but may charge a fee in the future	Immediate after notice from us.	You are responsible for all travel and living expenses that your employees incur to attend this optional training program.
Retail Recharge	Currently, we do not charge a fee to attend but may charge a fee in the future	Immediate after notice from us.	You are responsible for all travel and living expenses that your employees incur to attend this optional training program.
~~Peer Compliance Committee Default Fee~~	~~Up to $1,000 per violation~~	~~Immediately after notice from us.~~	~~If you breach certain provisions of your Franchise Agreement, we can submit the default to a "Peer Compliance Committee" made up of other franchisees. If they determine a breach occurred, they may levy a fine against you of up to $500. If you do not timely cure, or breach the provisions again, the next fine can be up to $1,000. We donate all fines to a charity. Any fines the Peer Compliance Committee may assess are in addition to the standard default fee described below and any damages or costs we may incur as a result of the default.~~
Renewal Fee	$6,000, reduced to $5,000 if we receive the fee, and all your signed renewal documents, at least 30 days before your franchise expires.	At least 15 days before the term of your Franchise Agreement expires.	You only pay this fee if you want to renew your franchise.
Transfer Fee	$7,500 or $12,000 (Note 7)	Before you transfer the franchise.	You only pay this fee if you sell your franchise or your interest in it.
Relocation Fee	$1,500 plus our expenses	When you submit a request to move your Waxing Studio.	You only pay this fee if you want to relocate your studio. If we do not approve your request, we will refund the fee. It is currently our policy to waive the fees if you work with our real estate team to obtain a new site.
Audit	Cost of audit	30 days after billing	Payable only if audit shows an under-statement of at least 2% of Gross Revenue for any reporting period.
Inspection Fee	Currently, up to $500 per	Immediately after	We will have someone conduct an

Type of Fee	Amount (Note 1)	Due Date	Remarks
	failed inspection.	notice from us.	inspection of your studio on a periodic basis, no more than annually. If you fail the inspection based on our criteria, we will re-inspect within 120 days and you must pay this fee to cover our costs of re-inspection. If you pass the inspection, you will not incur this cost.
Additional On-site Operations Training	Currently, $~~500 – $~~1,000 - $1,500 per day plus travel costs and expenses, per trainer.	Immediately after notice from us.	(See Note 8)
Standard Default Fee	Up to $250 per violation.	Immediately after notice from us.	In addition to our right to terminate the Franchise Agreement, if you breach certain provisions of your Franchise Agreement, and you fail to cure the default during the cure period provided, you must pay us a fee of up to $250 per month until the default is cured in order to offset our costs incurred to address the default. This standard default fee is in addition to any ~~fines that may be assessed through the Peer Compliance Committee and any~~ damages or costs we may incur as a result of the default.
Insurance Handling Fees	Currently $100	Immediately after notice from us.	You only pay this fee to us if you fail to obtain insurance, and we obtain the insurance coverage for you. This fee does not include the cost of insurance premiums, for which you must also reimburse us.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Waxing Studio.
Liquidated Damages	$10,000	If you fail to develop a Waxing Studio by the deadline provided in an Area Development Agreement that you sign.	This fee only applies if you sign an Area Development Agreement, and it then applies for each Waxing Studio you fail to develop under that agreement.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees, will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we are successful in any legal action we bring against you, or in defending any claim you bring against us.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law.	As incurred	Payable on all overdue amounts.
Late Report Fee	$100 per violation	As incurred	Payable only if a required report or financial statement is not delivered when due.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Insufficient Funds Fee	$100 per check that you submit to us that is returned for insufficient funds, and $100 each time that we are unable to collect via EFT due to insufficient funds.	As incurred	
~~Re-Sale Assistance Program~~	~~$549, plus $99 per month until you sell your business or decide to terminate your participation in the program. These prices are per Waxing Studio.~~	~~As incurred~~	~~If you want to sell your Waxing Studio, we currently have a program to assist franchisees in marketing their Waxing Studios. We do not require you to participate in this program. If you do not want our assistance but do want access to our forms, you must pay us a form fee of $999, plus an additional $199 for each additional location.~~
Re-Invention Program	$0.25 per square foot per month.	Each month after you begin operating.	These are funds that we recommend you set aside to remodel your Waxing Studio to current standards before you can renew your franchise. However, we have the right to require you to pay these amounts to us to hold for you. (Note 9)
Recertification Training Fee	$500 - $1,000 per day, plus actual travel and lodging expenses per trainer	Six to 12 months after your studio opens and annually thereafter	We do not currently charge this fee, but reserve the right to begin doing so in the future. (Note 10)
Additional Email Addresses	$20 per month for each additional package of 5 email addresses and mailboxes	As incurred	The Technology Fee includes up to 5 @waxingthecity.com email addresses.
Grand Opening and Ramp Up Plan	$25,000	As incurred	You must spend $25,000 on local marketing/advertising and community outreach marketing activities during the period between the date the lease is signed and 90 days following opening. If you fail to meet this requirement we may require you to pay the difference into the General Advertising and Marketing Fund. We can require this amount be paid to us to spend in your market area.
Local Advertising	$1,500 per month Currently, $350 one-time setup fee if we conduct the local marketing on your behalf	As incurred	After the Grand Opening and Ramp Up Plan, you must spend at least $1,500 per month on approved local advertising. If you fail to meet this requirement we may require you to pay the difference into the General Advertising and Marketing Fund. We may require you to pay to us the minimum required amount each month for local advertising, plus our current one-time setup fee, and we will conduct the local

Type of Fee	Amount (Note 1)	Due Date	Remarks
			advertising on your behalf.
DMA violation	$1,000-$10,000 based on the frequency of the violation and severity of conduct	If you secure real estate and do not comply with our requirements for securing real estate within a DMA.	Only payable if you fail to comply with our requirements for securing a site within the DMA.

Except as otherwise stated, all fees paid to us or our affiliates are non-refundable under any circumstances, and are uniform for all new franchisees. You must pay fees and other amounts due to us via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this Disclosure Document or other form that we may require) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Revenue for your Waxing Studio to us for any reporting period, then we will be authorized, at our option, to debit your account for (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenue was provided to us; or (b) the amount due based on information we have retrieved from your operating system.

Notes:

(1) If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you must pay an additional amount equal to the amount of this tax. This does not apply to any federal or Minnesota income taxes we or our affiliates have to pay.

(2) The Minimum Royalty Fee will not begin until the earlier of: (i) the first full month of the month after you open your Waxing Studio; or (a) the date that is 12 months from the date you signed your Franchise Agreement. If you are working with our real estate team in locating a site or have signed a lease with the assistance of our real estate team, we will waive the Minimum Royalty Fee until your Waxing Studio is open.

(3) If ~~Monday~~the due date is a banking holiday or weekend, the payment will be due on ~~Tuesday~~the following business day.

(4) This fee is paid for support of your studio management / POS software and its updates. The Technology Fee does not include support for any other third party software, such as malicious software protection. You will start paying the fee on the first business day of the month after your studio management software account is activated before your Waxing Studio opens for business. ~~If you use tablets~~Tablets or mobile devices are required to be used in treatment rooms ~~you must purchase them and mobile device management software through ProVision~~ and you must purchase, install and maintain mobile device management software and services for those devices ~~also~~ through ProVision. The use of mobile devices in your studio and mobile device management services is ~~currently optional, but we may make it~~ mandatory~~ in the future~~. The cost of the mobile device management software subscription ~~costs an additional $50 to $100 per month depending on the number of mobile~~for those devices~~ covered. These fees are paid to our affiliate, ProVision~~is included in your monthly Technology Fee.

(5) A person owning a 10% or greater interest in you or your Waxing Studio ("**Principal Owner**"), is required to attend our Conference when offered, typically every other year. If they do not register for a Conference, we will bill you for the early bird conference fee after the Conference.

(6) Each of your aestheticians must complete our Cerologist™ CORE training program ("**Initial Cerology Training**") and may not provide waxing or other services at your Waxing Studio until they have completed this training. We provide resources and support for the initial training of aestheticians before you begin operating and we do not currently charge a fee for this support; however, we reserve the right to charge for virtual support in the future and those charges may be paid to us or a third party. ~~However, at~~At our sole discretion, and subject to trainer availability, we may offer Initial Cerology Training at your Waxing Studio or in another location which we may designate in our discretion. If training is provided in-person at any location, we will charge $~~500 or $~~1,000 or $1,500 per day, plus travel and lodging expenses, per trainer. We will charge $~~500~~1000 per day for a trainer and $~~1,000~~1,500 per day if you request that such training be provided by a "Master Trainer" (See Item 11 for description). Training provided ~~by a Master Trainer~~in person is subject to availability. If applicable, you are also responsible for any travel and living expenses that your employees incur to attend training.

(7) If you transfer the franchise before you open the Waxing Studio, the fee will be $12,000. If you transfer the franchise after you open, the transfer fee is $7,500.

(8) We may require you to receive additional assistance if you are not meeting our requirements, if we determine, in our sole discretion, additional pre-opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive or correct any deficiencies in your business. Our current rate for this additional assistance is $~~500~~1,000 per trainer, per day but we reserve the right to adjust that rate periodically in our Operations Manual. If you request that training be provided by a Master Trainer then we charge $~~1,000~~1,500 per day per Master Trainer and we reserve the right to adjust this rate periodically in our Operations Manual. Training provided ~~by a Master Trainer~~in person is subject to availability.

(9) You must upgrade your Waxing Studio as a condition to renewal of your franchise. These amounts should give you the majority of the funds you will need to do the necessary remodeling of your Waxing Studio. The actual costs you incur will vary, depending on the condition of your Waxing Studio, construction and other costs in your market, and our requirements at that time.

(10) We may require your Cerologists to participate in Recertification Training, which will include a review of your Cerologists' technical skills and the providing of additional Initial Cerology Training as needed. At our discretion, this training may be provided in person, online or in another virtual format. While we do not currently require Recertification Training, we reserve the right to do so upon 90 days' written notice to you and will charge $~~500~~1,000 or $~~1,000~~1,500 per day, plus travel and lodging expenses, per trainer. We will charge $~~500~~1,000 per day for a trainer and $~~1,000~~1,500 per day if you request that such training be provided by a Master Trainer. Training provided ~~by a Master Trainer~~in person is subject to availability.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	**Low Amount**	**High Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (Note 2)	$42,500	$42,500	Lump sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses While Training (Note 3)	$1,650	$2,350	As incurred	As incurred during training	Airlines, hotels, restaurants
~~Deposit and~~ Leasehold Improvements (Note 4)	~~$4,816~~$68,668	~~$225,066~~$218,162	Varied times	Before Opening	Landlord and building contractor
3 Months' Rent and Security Deposit (Note 4)	~~$14,500~~$19,620	~~$14,500~~$26,160	As incurred	Monthly	Landlord
Construction Management Fees (Note 4)	$0	$13,500	As incurred	Before Opening	Vendors
Architect/Design Fees (Note 5)	~~$6,000~~$9,410	~~$15,550~~$16,600	As specified in contract	At time of design	Architect
Furniture, Fixtures and Equipment (Note 6)	~~$36,000~~$40,565	~~$46,700~~$57,449	As agreed	Varied times	Us or vendors
Office Supplies (Note 7)	$3,500	$4,500	As agreed	Varied times	Us or vendors
Technology Package and Licenses (Note 8)	~~$10,419~~$8,222	~~$22,452~~$24,882	Lump sum	Before opening	Us, our affiliate and vendors
Interior & Exterior Signage (Note 9)	~~$16,000~~$17,073	~~$20,100~~$27,816	Lump sum	Before opening	Us or vendors
Initial Retail Inventory (Note 10)	~~$4,500~~$5,744	~~$5,500~~$6,436	As agreed	At delivery	Us
Initial Waxing Supply Inventory (Note 10)	$6,000	$7,000	As agreed	At delivery	Us
Grand Opening Advertising (Note 11)	$25,000	$25,000	Lump sum	Before opening	Us or vendors
Insurance	$2,550	$2,850	As incurred	Varied times	Third parties
Miscellaneous Expenses (Note 12)	~~$6,670~~$6,058	~~$7,500~~$10,787	As agreed	Varied times	Vendors

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	**Low Amount**	**High Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Additional Funds and Working Capital for First 3 Months (Note 13)	~~$43,860~~$54,241	~~$51,860~~$54,621	As incurred	Varied times	Vendors or third parties
TOTAL (Note 14)	**~~$223,965~~$310,801**	**~~$493,428~~$540,613**			

Notes:

(1) ~~The high and low ranges in the table~~These estimates are based on a 6 treatment room Waxing Studio because that is our recommended number of treatment rooms for your Waxing Studio. Our estimates assume you will build out your studio space for 6 rooms and that you initially order equipment, furniture and supplies for 6 treatment rooms. These fees are non-refundable unless otherwise noted.

(2) The Initial Franchise Fee is described in Item 5. These estimates assume you pay the standard Initial Franchise Fee for new franchisees. If you sign an Area Development Agreement, you must commit to opening more than one Waxing Studio, and you will pay the Development Fee at the time you sign the Area Development Agreement. The Development Fee is described in Item 5. The Development Fee replaces the Initial Franchise Fee you would have paid for those Studios. There are no other incidental expenses you should incur as a Developer, as the expenses to open each Studio are accounted for in the chart.

(3) The person you designate as the "Principal Operator" of your Waxing Studio must attend mandatory training in a virtual format or at a location(s) we designate. We also may require the Principal Operator and/or a Principal Owner to spend up to 5 days training in an existing Waxing Studio owned by us or an existing franchisee. If your Principal Operator is not also a Principal Owner, then this individual must attend the training, and a Principal Owner must also attend and complete this training to our satisfaction before you open your Waxing Studio. While we do not currently charge for this training, if applicable, you must pay all travel and living expenses for your attendees.

We will also provide resources and support so that you can provide Initial Cerology Training (also referred to as "Cerologist CORE Training") for each of your aestheticians in a virtual format, at your location, or at another location that we designate, at our discretion, before you open for business. There currently is no fee for this support if provided in a virtual format~~,~~; however, ~~if~~we reserve the right to charge for virtual support in the future and those charges may be paid to us or a third party. If applicable, you must pay all travel and living expenses for your attendees. Your costs will differ if your aestheticians attend Initial Cerology Training at a location other than your location or in a virtual format (see Item 6).

(4) Our estimate for initial expenses for real estate and improvements assumes you will lease space for your Waxing Studio. Waxing Studios are generally located in commercial retail areas. The typical size of a Waxing Studio is approximately 1,800 square feet. The ~~cost for build-out is approximately $125 per square foot, which, at a minimum, includes rooms that will work as waxing treatment rooms, concrete floors, demised exterior walls, HVAC, roof, and utilities~~

~~stubbed to the premises sufficient for a Waxing Studio. The high estimate assumes you will pay for the full build-out without receiving any tenant improvement allowance from your landlord. The low estimate assumes that your landlord pays for the full build out cost for your Waxing Studio. However, there is no assurance your landlord will agree to do so~~leasehold improvement range reflects the leasehold improvement expenses incurred by our franchisees who built Waxing Studios in 2022. We excluded the leasehold improvement costs for one studio that significantly exceeded our recommendations. Most of our franchisees receive some tenant improvement allowance from their Landlord (the average amount received by franchisees in our system in ~~2021~~2022 was $~~25.53~~36 per square foot). Rent for these locations will typically vary from per square foot per year, not including CAM or tax expenses. ~~Our estimate assumes you must only pay one month of rent as a security deposit.~~

This estimate also includes 3 months of base rent at $~~26.07~~31 per ~~sf~~square foot and $~~6.73~~8.24 per ~~sf~~square foot in CAM (which are the average base rent and CAM figures for all studios in our system for ~~2021~~2022) ~~for~~and a ~~studio that is 1,762 sf, which is the average size of all studios in our system in 2021.~~ 1,500 square foot location (low) or a 2,000 square foot location (high). Our estimate assumes you must only pay one month of rent as a security deposit.

As described in Item 8, we offer a "Construction Management Services" program through our approved vendor to oversee the construction of your Waxing Studio. The Construction Management Services are optional but are included in the high estimate. However, we may transition the Construction Management Services program to a mandatory program. If this occurs, you must purchase Construction Management Services if you have not already signed a Franchise Agreement with us or have not commenced the construction of your Waxing Studio.

The amount of your leasehold improvements will likely vary substantially based on existing conditions, size, design, including the availability and prices of labor and materials. The amounts do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing Waxing Studio, which also would result in a significantly greater initial investment. You should carefully investigate all of these costs in the area where you wish to establish your Waxing Studio. In addition, we assumed the general contractor will include permitting fees in the construction costs.

(5) You must retain an architectural vendor to create a complete set of detailed Construction Documents. See Item 5. We will provide one Compliance Drawing for you at no charge, but you must pay us $250 for each additional Compliance Drawing as needed. You must also pay a fee of $2,700 if you do not use our designated architectural vendor to create the Construction Documents. We do not construct, remodel or decorate your premises. The estimates assumes standard tenant improvements within a structure, designed for commercial use, and excludes items such as structural modifications, site work, energy studies, surveys and/or exterior improvements. The high estimate assumes you use your own architect and must pay us the fees above.

(6) This estimate is for the total cost to purchase furniture, fixtures and equipment for the reception area, common areas, 6 waxing treatment rooms and the employee break room. The furniture, fixtures and equipment will be purchased from us. If you choose to use a vendor other than our designated vendor to supply the millwork and fixtures for your Waxing Studio, you must pay us a fee of $2,700 to review the fabrication drawings of the vendor.

(7) This estimate includes costs for the purchase of office and cleaning equipment and supplies.

(8) The low end of the range for this estimate assumes you purchase the minimum required technology package offered by ProVision, and the high end of the range assumes you purchase the larger package with additional items through ProVision. This figures include costs for shipping, installation and taxes. Your costs may vary if you purchase the required technology from a third party vendor.

(9) The total cost for the signage varies depending on the size of the signs, quantity, whether the signs are illuminated, and the requirements of the landlord and governing authority. If you choose to use a vendor other than our designated vendor, you must pay us a fee of $1,900 to review the signage fabrication drawings.

(10) Your initial inventory of retail products for sale in your Waxing Studio, body waxing and service offering supplies will include branded products for retail sale, wax, applicators, gloves, linens and other supplies and products as described in the Operations Manual. We have the right to change the inventory requirements at any time. Studios can expect to spend on average approximately $1,100 per month on waxing supplies during the start-up phase of business and approximately $4,000 per month after the start-up phase. Studios can expect to spend on average approximately $1,000 per month on retail products during the start-up phase and approximately $2,000 per month after the start-up phase.

(11) The estimate assumes you spend the $25,000 that we require you spend to advertise your Waxing Studio for the Grand Opening and Ramp Up Plan described in Item 11. This amount includes your purchase of ~~grand opening~~digital paid media such as search and social, as well as your purchase of marketing materials such as postcards, posters, and brochures as well as additional marketing materials, like branded promotional products, printed materials, large format indoor or outdoor signage for tradeshows, and similar items, which you may purchase through our marketing portal and preferred local media vendor. You may spend more than this amount. Factors that may affect the actual amount you spend include the type of media used, the location of your Waxing Studio, the size of the area you are advertising to, local media cost, and the time of year. You will not pay these amounts to us but we may require you to submit receipts to verify you met this requirement. If you fail to meet this requirement we may require you to pay the difference into the General Advertising and Marketing Fund. We do not guarantee that you will achieve any particular results from this spend, as your results depend on many factors, including your engagement and execution.

(12) These estimates include utility costs for 3 months, licensing fees, criminal background checks , and uniforms for 6 initial employees, plus licensing and permitting fees and professional expenses such as legal and accounting. These costs can vary significantly depending on the location of the Waxing Studio and how many initial employees you have.

(13) This amount includes estimated operating expenses you should expect to incur during the first 3 months of operations, ~~not including any revenue generated by your Waxing Studio~~exclusive of rent costs which are discussed above. These figures include monthly royalties, general advertising fund fees, and technology fees. This estimate does not include any taxes or other permitting or licensing fees that you may pay. The estimates also assume you pay credit card processing fees of 2% on your gross revenues, and that you pay wages and payroll for 4 Cerologists and for 1 Waxing Studio Coordinator working part-time. These estimates do not include payroll taxes or benefits. Some of our studios also pay their Cerologists commission on product sales. It is up to you to determine how to pay your employees.

(14) We have relied on ours and our predecessor's experience in operating company-owned Waxing Studios in the Minneapolis-St. Paul metropolitan area, and the experience of the franchised

locations in various states to compile these estimates. We also recommend that franchisees set aside at least $0.25 per month per sq. ft. to use to upgrade their Waxing Studio between the fifth and sixth year after they begin operating. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your experience in the waxing industry, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges or fees, interest or debt service obligations.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All branded items, marketing, equipment, furnishings, fixtures, signs, software, software support, supplies, insurance and products you purchase for use or sale in your Waxing Studio must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the manual that we provide to you on-line, or we may issue them separately. While we do not have specifications for local advertising you create to promote your studio, we do require that you obtain our prior approval at least 4 weeks before you use any advertising materials you prepare, and before establishing or having established any digital or electronic medium or method of communication, including a website, web page, review or opinion page, social media and/or social networking site, ~~profile or account~~channel, avatar, profile, including an online business profile, account, hashtag, user name or application, whether web-based or otherwise, relating to or making reference to us, your Waxing Studio, or to the Waxing the City system. We reserve the right to refuse, reject, adjust or require changes to any advertising material you prepare.

You can expect that the items you purchase to meet our specifications will represent over 90% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 70% and 90% of your total expenses.

If you want to purchase items for your Waxing Studio that we have not previously approved, or items that differ from our specifications, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material or supply meets our specifications and quality standards. Except as provided below, we do not impose any fee for our consideration.

We may require you to purchase certain furniture, equipment, inventory, supplies, services, including local marketing services, and other products used or offered at your studio from vendors we approve, in which case we will provide you with a list of approved suppliers. These will include mandatory vendors (persons from whom you must purchase certain items or services), designated vendors (for items or services that must be purchased from vendors we approve), and preferred vendors (for vendors we have approved, but in categories where we do not require you obtain our approval of the vendor). These suppliers may pay vendor rebates to us and they may include our company and affiliates of ours. We may modify our mandatory, designated, and/or preferred vendor(s) at any time. We may require you to offer additional services or products and some of those products or services may require that you purchase additional equipment or training for your staff.

As of the issuance date of this Disclosure Document, we have the following mandatory vendors:

1. We and our affiliate SEB Distribution ~~SPV LLC~~ are currently the sole suppliers of the hard and soft wax, other service offering products and supplies for other service offerings, and all retail products for resale that you will use in your Waxing Studio. We are also currently a designated

vendor for business supplies, and marketing materials, and we or our affiliates may be a mandatory, designated and/or preferred vendor for other items in the future.

2. Our affiliate ProVision is currently the sole supplier of the mobile device management software and services which are required for the operation of tablets and mobile devices inside your Waxing Studio. The cost of the mobile device management software and services are included in the Technology Fee you pay to us.

3. ~~2.~~ We have a sole supplier for financial management and processing software. We reserve the right to designate a vendor for bookkeeping software at any time.

4. ~~3.~~ We have a sole supplier for POS transaction processing, studio management, marketing (CRM) and scheduling software. You will be required to purchase the computer hardware and internet connectivity necessary to run it. The cost of the software license, however, is included in the Technology Fee you pay to us.

You must use our preferred or designated vendors for your Grand Opening and Ramp Up Plan for your Waxing Studio, which may include us or our affiliates, and we may require you to submit your grand opening plans and local marketing plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity.

Our preferred vendor, SEB Distribution ~~SPV LLC~~, will sell Waxing the City branded and other products for use and retail sale in your Waxing Studio.

You must obtain a Compliance Drawing from us. We will provide one Compliance Drawing per franchise agreement. We anticipate this Compliance Drawing will be sufficient to provide to an architectural vendor to create your Construction Documents. If additional Compliance Drawings are needed, you will pay us $250 per Compliance Drawing.

We currently have a designated architectural vendor who provides the Construction Documents. The cost for these Construction Documents ranges from $~~6,000~~9,410 to $~~12,600~~18,760 and is paid directly to the vendor. If we allow you ~~choose~~ to use a vendor other than our designated architectural vendor for the creation of your Construction documents, you will pay us $2,700 to review your Construction Documents. See Item 5. ~~The~~Both the alternate service provider and the Construction Documents supplied by the alternate service provider must meet our specifications.

We currently offer construction management services through an approved third-party vendor to assist franchisees with the build-out of Waxing the City studios ("**Construction Management Services**"). Construction Management Services generally include consulting services regarding construction-related lease requirements, construction estimates, general contractor bidding and selection (you select the general contractor), the exterior sign review and approval process, utilities set up, obtaining building permits, site conditions and work progress, FF&E operation, maintenance and trouble-shooting; providing a punch list of open issues; construction warranty work; and obtaining occupancy approval. The Construction Management Services are optional. The cost for the services is approximately $13,500 and is paid to the vendor directly.

We ~~also have a~~may require you to use our designated ~~software platform~~vendors that ~~you must use~~provide local marketing services and we may also require you to work with our designated vendor if you wish to conduct mass marketing to members or prospective members via email or text messages.

As further described above, we have the right to designate a single source or sources from whom you must purchase any required products and services, and we and/or our affiliates may be that single source or one or more of the sources. Except as described above, as of the issuance date of this Disclosure Document, neither we nor our affiliate are the only approved suppliers of any required products and services.

When we have a designated vendor (other than a mandatory vendor), if you want to purchase from other vendors the items or services for which that vendor has been designated, you must notify us in writing and obtain our approval. If you seek approval of a new supplier (or if the supplier applies directly to us for approval), we will require the supplier pay us a nonrefundable fee of $300 before we will consider approving their application. This fee is intended to defer our cost of reviewing the supplier. (We do not require you to pay any fee.) We may also require the supplier to sign a supplier agreement with us.

We may also negotiate preferred vendor contracts with vendors. The preferred vendor contracts will usually provide favorable pricing to our franchisees. A list of current preferred vendor contracts will be available to you from us at any time after you sign your Franchise Agreement.

In reviewing prospective suppliers, we consider whether the product or service is consistent with our concept and brand; how they and/or their products or services would enhance our brand and make it more attractive to customers or franchisees; how the product or service would improve the studio experience of a customer; how the product or service would increase revenue of a franchisee's business; how the product or service would increase the efficiency of a franchisee; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; is the product of a commercial quality with a proven record of durability; does the supplier support our values and reflect our commitment to diversity, equity and inclusion; and other factors. In addition, we consider demand from franchisees, the need for the vendor based on business trends, and the ability of the vendor to serve franchisees throughout the United States. (The criteria is posted on our website for potential vendors.) We will generally notify you and the supplier of our approval or disapproval within 45-60 days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

In the future, we may derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and products from our mandatory, designated or preferred suppliers. These rebates will generally ~~range from 5% - 20~~be up to 15% of the purchases you make from the vendor. There are also some vendors that may pay us fixed rebates on supplies and services. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases. ~~During~~For the fiscal year ended December 31, ~~2021, neither~~2022, we ~~nor our predecessor~~ received ~~any payments~~$752,962 in revenue from ~~franchisees for~~ the purchase~~ or~~, lease or sale of required goods or services~~. For the fiscal year ending December 31, 2021, our affiliate~~ to our franchisees which was 13.54% of our total revenues of $5,559,611. ProVision ~~Distribution, LLC and its predecessor~~ received $~~112,508~~306,444 in revenue from the purchase, ~~sale or~~ lease or sale of required goods or services to ~~Waxing the City~~our franchisees~~, and~~. SEB Distribution ~~SPV and its predecessor~~ received $~~6,431,894~~7,422,265 in revenue from the purchase, ~~sale or~~ lease or sale of required goods or services to ~~Waxing the City~~our franchisees. This information was taken from our and our affiliates' internal financial records.

We do not have any purchasing or distribution cooperatives as of the issuance date of this Disclosure Document although we reserve the right to create them in the future and may require your participation in them. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers and distributors.

None of our officers own any interest in any of our other suppliers, other than us and our affiliates, and each of their predecessors.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1, 7, 8 and 9	Sections 1 and 3.A	Items 7 and 11
b. Pre-opening purchases/leases	Sections 1, 7 and 9	Section 1.C	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 1, 7 and 9	Sections 1,3 and Rider	Items 7 and 11
d. Initial and ongoing training	Section 8	Not Applicable	Item 11
e. Opening	Section 7.A	Section 3 and Rider	Items 7, 11 and 12
f. Fees	Sections 1, 2.B, 4 – 9, 11, 12.A, 13.B.9, 14.C, 18.A, and Rider	Sections 2 and 6.B, and Rider	Items 5 and 6
g. Compliance with standards and policies/operating manual	Sections 6 – 9	Section 8	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Sections 3, 9, 10 and Rider	Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	Section 9	Not Applicable	Items 8, 11, and 16
j. Warranty and customer service requirements	Section 9	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Sections 1 and 3 and Rider	Item 12
l. Ongoing product/service purchases	Section 9	Section 8	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 2.B.3 and 9.D	Not Applicable	Item 6
n. Insurance	Section 11.A	Not Applicable	Item 7
o. Advertising	Sections 3, 6, and 9.G	Not Applicable	Items 6, 7, and 11
p. Indemnification	Section 11	Section 9	Item 6
q. Owner's participation/ management/staffing	Section 9.M	Not Applicable	Item 15
r. Records and reports	Section 12	Not Applicable	Not Applicable
s. Inspections and audits	Sections 8.J, 9 and 12.A	Not Applicable	Not Applicable
t. Transfer	Section 13	Section 7	Item 17
u. Renewal	Section 2.B	Not Applicable	Item 17
v. Post-termination obligations	Sections 16 and 17.B	Section 6	Item 17

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
w. Non-competition covenants	Sections 9.M, 16.H, and 17	Section 9	Items 15 and 17
x. Dispute resolution	Section 18	Section 9	Item 17
y. Other: guaranty of franchise obligations (Note 1)	Personal Guaranty (which follows the Franchise Agreement)	Personal Guaranty (which follows the Area Development Agreement)	Item 15

Notes:

(1) Each individual who is an owner of any business entity that is the franchisee, and their spouse, must sign a personal guaranty of all the obligations of the franchisee. This Guaranty also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.

ITEM 10
FINANCING

We do not offer, directly or indirectly, any financing to you to help you establish your business, except as disclosed below. However, we do have arrangements with a number of third-party equipment lenders who provide financing to our franchisees. We do not participate in any underwriting or lending determinations with respect to any of the financing options made available by any of these lenders listed below. Our current lender relationships, as of the date of this Disclosure Document, are described below:

1. Geneva Capital, LLC ("**Geneva**"), offers financing of up to $100,000 for a new location, including, among others, tangible equipment, security system, and signage (but excluding your initial franchise fee and working capital), based on credit approvals. Financing is offered as a lease that typically requires 1 advance payment of up to 20%. Geneva also collects a security deposit equal to 1 month's lease payment. Lease terms vary from 12 to 36 months. Geneva offers both true tax and capital leases. Fixed equivalent interest rates ~~typically vary from 7.99%, to 11.99% per annum, based~~are based on current market rates and conditions and on your financial and credit worthiness. Geneva will not require you to pledge any other assets to secure the lease, but each individual who is an owner of any business entity that is the franchisee, and their spouse, must provide a personal guaranty. The amount of your lease payments will depend on the amount financed, the term of the lease, and the interest rate. You will have the right to purchase the equipment at the end of the lease at fair market value, typically capped at 10% of the original equipment cost, assuming you have not defaulted under the lease. The ability to prepay your obligations is negotiated on a case by case basis.

You will be in default under Geneva's lease documents if you fail to pay amounts owed when due or you breach any other provision of the lease documents. If you commit a payment default, you must pay a late charge of 15% of the payment which is late or $25.00, whichever is greater or, if less, the maximum charge allowed by law. Regardless of the type of default, Geneva may retain your security deposit, elect not to renew any or all time-out controls programmed within the equipment, terminate or accelerate the lease and require that you pay the remaining balance of the lease (discounted at 3% per annum), and any purchase option due, and/or return the equipment to Geneva. Geneva may recover interest on the unpaid balance at the rate of 18% per annum or, if less, the highest rate permitted by law. It may also exercise any remedies available to it under the Minnesota Uniform Commercial Code or the law of its assignee's principal place of business. It may also file criminal charges against you and prosecute you to the fullest extent of the law if any information supplied by you on your credit application or during the credit process is found to have been falsified or misrepresented. You must also pay Geneva's reasonable attorneys' fees and actual court costs. If Geneva has to take possession of the equipment, you must pay the cost of repossession including damage to the equipment or real property as a result of repossession. Under the personal guaranty, which is contained in Geneva's equipment lease agreement, you waive all notices. If you default under the lease agreement, Geneva may obtain and use consumer credit reports to determine acceptable means of remedies, and you waive any right or claim you may otherwise have under the Fair Credit Reporting Act (Equipment Lease Agreement – Section 12). Because the lease is a noncancelable net lease you are not entitled to any reduction of rent or any setoff for any reason, nor will the lease terminate or will your obligations be affected by any defect in, damage to or loss of possession or use of any of the equipment (Equipment Lease Agreement – Section 2). You waive any and all rights or remedies not in the lease (Equipment Lease Agreement – Section 14) and you and your guarantors~~,~~ consent to personal jurisdiction in the state that Geneva or its assignee, as applicable, has its principal place of business and you and your guarantors waive trial by jury. If Geneva transfers the lease the transferee will not have to perform any of Geneva's obligations and the rights of the transferee will not be subject to any claims you have against Geneva (Equipment Lease Agreement – Section 11). A copy of the current Geneva ~~lease~~loan documents as of the date of this Disclosure Document is attached as Exhibit ~~I~~H-1.

We have a separate agreement with Geneva, under which we agreed to assume certain obligations if you default under your lease, including an obligation to assist Geneva in remarketing your equipment. Under that agreement, we also agreed to establish a pool to compensate Geneva for certain amounts of the losses it incurs, and to guaranty payment of certain amounts of those losses. This agreement also provides for the payment of 1.5% of the lease amount to us as a referral fee and 1.5% of the lease amount added to the guaranty pool. ~~There is no direct affiliation between Geneva and us~~

2.~~2.~~ Guidant Financial ~~(“**Guidant**”)~~ offers a program that allows you to use your retirement funds to buy your business~~ without incurring tax penalties or getting a loan~~. Known as 401(k) business financing (or ~~formally~~ Rollovers for Business Start-~~ups~~up), Guidant charges a fee of $4,995 for this service, which includes filing your business entity, designing a company 401(k) plan, helping you roll all (or a portion of) your existing retirement funds from your current custodian account to the new 401(k), and providing you with ~~2 consultations~~a consultation with a tax attorney to review the transaction. In addition, they provide ongoing, annual administration to your 401(k) plan for $~~139~~149 per month.

The form of agreement you would sign with them is attached as Exhibit ~~I~~H-2. Guidant can also help you secure an SBA loan for your business. A consulting fee of $2,500 applies, however, this does come with a fully refundable guarantee should Guidant not be able to secure ~~you~~your funding or if the loan amount is greater than $200,000, when the loan is completed.

You may ~~also~~ use 401(k) business financing as the down payment for your SBA loan through Guidant. Guidant further offers unsecured financing. This program allows you to secure up to $125,000 in capital ~~pending~~, depending on credit score, and debt utilization among other factors. Minimum credit score of 680 is required. ~~There is 9%~~The fee ~~of whatever amount you draw against~~ for this service varies depending on the loan used.

Guidant can also secure equipment leasing for you. New locations require 10% down. Interest rates vary from 6.99~~%~~ to 13.90% ~~pending~~depending on credit score and other factors. Lease term up to 60 months. New business requires a ~~700~~ credit score of 700 or higher while existing business require a credit score of 650 or higher~~ credit score~~. There is a fee associated with this service and it can range from $250 to $500.

Guidant also offers Portfolio Loans. This is a way to leverage your non-retirement stocks, bonds and mutual funds up to 80% of ~~its~~their value. ~~Portfolios~~Portfolio must be worth at least $~~85,000~~200,000.

No minimum credit score ~~is~~ required. The fee associated with this program is 2% to 3% of ~~what you loan against~~the value of the collateral. Start-up locations can also elect to defer payments for up to 2 years.
We have a separate agreement with Guidant Financial Group that requires that we are paid $1,000 as a referral fee for each client that engages in their retirement rollover program. There is no direct affiliation between Guidant Financial Group and us.

Except as noted above, we do not guarantee any note, lease or other obligation you incur. Except as noted above, neither we nor our affiliates receive any consideration for placing financing with a lender. We and our affiliates have the right to sell, assign or discount to a third party all or part of any amounts you may owe to us or to our affiliates.

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

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

We may provide you any of these services through our employees or representatives, through our affiliates, or through any third party provider we designate. Under the management agreement between us and AFLLC, as described in Item 1, AFLLC has agreed to provide certain required support and services to Waxing the City franchisees under their franchise and area development agreements with us.

Before you open your Waxing Studio, we will:

(1) Designate a Market Area ("**DMA**") in which you may look for a site location for your Waxing Studio (Franchise Agreement – Section 1 and Rider).

(2) Once you have chosen a site location for your Waxing Studio, either approve or disapprove that location (Franchise Agreement – Section 1.C).

(3) Once we approve a site location for your Waxing Studio, provide you with a Protected Territory for your Waxing Studio (Franchise Agreement – Sections 1.E and 1.F and Rider).

(4) Provide you online access to our operations manual that contains mandatory and suggested specifications, standards and procedures (the **"Operations Manual"**). The Operations Manual consists of one or more manuals, technical bulletins or other written materials available electronically and may be modified by us periodically in our discretion. (Franchise Agreement – Sections 8 and 9). The manual may be made available to you electronically, and currently contains approximately 43 pages. A copy of the table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit B.

(5) Provide you with a prototype floor plan, as well as a list of the equipment, displays, fixtures and furnishings for setting up or remodeling your studio (Franchise Agreement – Section 8.B).

(6) ~~Create~~As discussed in Item 5, provide you with a ~~specific studio layout/design for your Waxing Studio (a "~~Compliance Drawing~~")~~ (Franchise Agreement – Section 9.A). If, however, you ~~want to make changes in the~~would like additional Compliance Drawings, you must pay us a $250 fee per Compliance Drawing~~, you will have to pay the vendor directly for the cost of those changes~~.

(7) Provide, at our expense, the Initial Training Program (currently referred to as "**New Franchisee Training**") for you, or if you are a legal or business entity, a Principal Owner and one additional person (the Principal Operator). This training may be provided in a virtual format, in-person

at our corporate offices in Woodbury, Minnesota, at another location designated by us, or in any combination of these, at our discretion. We may also require you to spend up to 5 days training in an operating Waxing Studio owned by us or an existing franchisee (Franchise Agreement - Section 8.C). You are expected to successfully complete this training program at least 60 days before you open your Waxing Studio as we determine. If you purchase an existing Waxing Studio or convert an existing business to a Waxing Studio, you are required to attend training within ~~30~~60 days after you sign the Franchise Agreement. You will be responsible for all travel expenses for all participants attending the Initial Training Program, including airfare, lodging, meals, ground transportation and personal expenses, if applicable. If you will not be directly involved in the daily operation of your Waxing Studio, we will require that your Principal Operator also complete this training. In order for your Principal Operator to complete this training, and you and your Principal Operator will need to sign the a confidentiality and non-disclosure agreement in a form acceptable to us and provide us with a copy.

(8) Provide you support and resources so you can provide the Initial Cerology Training to your staff. This support may be provided in a virtual format, or in-person at a location designated by us, at our discretion. (Franchise Agreement - Section 8.D). Your aesthetician(s) are expected to successfully complete this training program before you open your Waxing Studio as we determine. We ~~will~~do not currently charge you for this support for any sessions provided in a virtual format; however, we reserve the right to charge for virtual support in the future and those charges may be paid to us or a third party. If we provide support for the Initial Cerology Training in-person, the cost will be $~~500 – $~~1,000 - $1,500 per day, plus travel and lodging expenses per trainer but in-person training is only available at our discretion and subject to trainer availability. You will still be responsible for paying any travel, lodging or other expenses for your aestheticians to attend such training.

(9) Sell to you, or have our affiliate sell to you, a variety of materials and items to operate and promote your Waxing Studio, including, for example, business cards, thank you ~~notes, studio intake forms and appointment reminder cards~~postcards, and other start-up materials as described in the Operations Manual. (Franchise Agreement – Section 6.B).

(10) Sell to you a retail product package of retail products ~~to offer~~and waxing supplies for sale or use in your Waxing Studio. (Franchise Agreement – Section 6.D).

(11) Offer to sell to you furniture, fixtures, and equipment, which includes certain components you will need to build out your Waxing Studio. (Franchise Agreement - Section 9.A).

(12) If you are signing an Area Development Agreement, identify a market area within which you will open the number of Waxing Studios you and we agree on. (Area Development Agreement Sections 1, 3 and Rider).

(13) Provide you with pre-opening support by assigning you a direct contact with us (Franchise ~~Business Consultant~~Agreement – Section 8.L).

During the term of the Franchise Agreement, we will:

(1) Make a representative reasonably available to speak with you on the telephone, or at our option, online or via email during normal business hours to discuss your operational issues and support needs. (Franchise Agreement – Section 8.L).

(2) Arrange a mystery shopping service to shop your Waxing Studio as needed, and at our discretion, during the term of your Franchise Agreement, and provide the results to you (Franchise Agreement – Section 8.K).

(3) Establish and maintain an Internet website or Home Page for you, provide a link from our Home Page to your webpage, and provide templates to you for your web page (Franchise Agreement – Section 9).

(4) Make available additional services training that we feel is necessary to familiarize you and your management team on changes and updates in the franchise system (Franchise Agreement – Section 8.G) and additional training for Cerologists (Franchise Agreement – Section 8).

(5) Maintain and administer the General Advertising and Marketing Fund (Franchise Agreement – Section 5.B).

~~(6) Assist you in reselling your business. If you want to sell your business and we have a preferred vendor that offers brokerage services, we will refer you to that vendor. However, we also currently maintain a re-sale assistance program that creates an offering profile of your studio, which we distribute to franchisees in the region and other targeted groups. We link this profile with several business listing websites and will provide to you our document library with forms you can use in the sale of your business. The program also offers workshops and personal assistance in listing and selling your business. You do pay us an extra fee if you want to use this service. (Re-Sale Assistance Agreement – Exhibit K.)~~

Training

Initial Training Program

Before the opening of your Waxing Studio, we provide an initial training program ("**Initial Training Program**"). The Initial Training Program, currently referred to as "New Franchisee Training," is ~~provided in a virtual format and may be~~ provided in-person at our corporate offices in Woodbury, Minnesota, in a virtual format, at another location designated by us, or in any combination of these, at our discretion. The training is held as needed to accommodate demand. There is no charge to you for this training, but you are responsible for all travel and living expenses you and your employees incur in attending the training, if applicable. The Principal Operator of your business must attend and complete this training program to our satisfaction before you open your Waxing Studio. In addition, if your Principal Operator is not also a Principal Owner, then a Principal Owner of your business must also attend and complete this training to our satisfaction before your open your Waxing Studio. (Franchise Agreement – Section 8.C).

The following represents a summary of our Initial Training Program as of the issuance date of this Disclosure Document:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
Introduction to Waxing the City	4	0	Virtual or at a location we designate
IT / Operations/Construction	7	0	Virtual or at a location we designate
Human Capital	4	0	Virtual or at a location we designate
Sales / Marketing	4	0	Virtual or at a location

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
			we designate
Financial/Accounting	1	0	Virtual or at a location we designate
Procurement (Vendors/Suppliers)	1	0	Virtual or at a location we designate
Legal / Strategic Planning	3	0	Virtual or at a location we designate
Total Training Time	**24**	**0**	

The Initial Training Program instruction will be provided by multiple facilitators, including co-~~founders, Marilyn~~founder, Summer Hartshorn~~, Alexandria Arlotta and Summer~~ Vasilas. Additional people will be involved in the initial training program. These people will have at least one year of experience in the subject they teach. Other members of our training staff at our designated training center may conduct training as necessary, and we may delegate our duties and share our training responsibilities.

~~Marilyn Hartshorn is a founder of the Waxing the City brand, and has served as our predecessor's Director of Distribution since its predecessor began operating in October 2012. She has over 22 years of software and accounting experience in the distribution and manufacturing arenas, and has previously operated her own consulting business, implementing software programs for businesses in the Denver, Colorado area.~~

~~Alexandria Arlotta is presently a Director of Education and Training. She is one of the founders of the Waxing the City brand and has served in multiple roles with our predecessor. Ms. Arlotta also served as an aesthetician for WTC Franchising, and predecessors and affiliates from November 2003 until July 2016.~~ Summer Hartshorn Vasilas is a founder of the Waxing the City brand, and has served as a Director of Education and Training since our predecessor began operating in October 2012. She now serves in this same role ~~as~~for us.~~ She has served in multiple roles, including as and an aesthetician of WTC Franchising, and its predecessors and affiliates, from November 2003 until July 2016.~~
The Operations Manual serves as our primary instructional material during the Initial Management Training Program.

If you have more than one Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements.

Initial Cerology Training Program

In addition to the Initial Training Program, we provide you the support and resources to permit you to provide to your staff an "Initial Cerology Training Program," also referred to as "Cerologist CORE Training."

Before the opening of your Waxing Studio, at least one aesthetician that you employ must attend and complete to our satisfaction our Initial Cerology Training Program, also referred to as Cerologist CORE Training, and obtain our Cerologist™ certification. The support we provide is offered in a virtual format and, at our discretion, may be offered in person at a location we may designate. There is currently no charge for this support if provided in a virtual format; however, we reserve the right to charge for virtual support in the future and those charges may be paid to us or a third party. You are responsible for the travel and living expenses of all individuals who attend Initial Cerologist training, if applicable. Each individual you employ in your Waxing Studio as an aesthetician must complete our Initial Cerology

Training Program and obtain our Cerologist™ certification. At our sole discretion, and subject to trainer availability, we may offer to provide you the support and resources needed for you to provide the Initial Cerology Training, in person at your Studio or in another location which we may designate in our discretion. If this support is provided in-person at a location we designate we will charge $~~500 or $~~1,000 or $1,500 per day, plus travel and lodging expenses, per corporate trainer. We charge $~~500~~1,000 per day for a trainer and $~~1,000~~1,500 per day if you request that training be provided by a Master Trainer. Training provided by a Master Trainer is subject to availability. (Franchise Agreement – Section 8.D).

The following represents a summary of our Initial Cerology Training Program, also referred to as Cerologist CORE Training, as of the issuance date of this Disclosure Document:

INITIAL CEROLOGY TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
Soft Skills	4	0	Virtual or at a location we designate
Facial Waxing	2	8	Virtual or at a location we designate
Body Waxing	2	8	Virtual or at a location we designate
Bikini/Brazilian Waxing	2	8	Virtual or at a location we designate
Mock Day	0	16	Virtual or at a location we designate
Total Training Time	**10**	**40**	

*All classroom training is provided in a virtual format.

Our ~~Directors~~co-founder and current Director of Education and Training, Summer Hartshorn Vasilas~~ and Alexandria Arlotta~~, will oversee this portion of the training program. See above for Ms. Vasilas' ~~and Ms. Arlotta's biographies~~biography. If this training program is held at another location we designate, which, at our discretion, may include your Waxing Studio, the training will be overseen by a "Master Trainer," who has significant experience training Cerologists and met our standards to perform Initial Cerology Training, as we determine from time to time.

Other members of our staff may conduct training as necessary, and we may delegate our duties and share our training responsibilities. The Operations Manual and our other manuals serve as our primary instructional material during the Initial Cerology Training Program.

Continuing Education Programs

Retail Recharge

Retail Recharge is an optional 1 to 3 day training geared for Cerologists and Studio Coordinators that focuses on retail sales training and education about the retail products we offer for sale. The course is offered at various times throughout the year in regional locations or at the corporate offices in Woodbury, Minnesota. The same people who provide the initial training, and are responsible for the initial training, will primarily be responsible for this training. We currently do not charge for this training, but you are responsible for travel costs, room and board, and the salaries, fringe benefits, and other expenses you and your employees incur in attending these programs, if applicable. We reserve the right to charge for this training in the future. The materials we use for this training are developed each time from a variety of sources. (Franchise Agreement – Section 8.G).

Additional Service Offering Training

We currently offer training programs for additional service offerings, including, ~~male~~ Brazilian - P wax, brow and lash tinting, brow henna, brow lamination, lash lift, skin revelation and other beauty enhancement services that we currently offer. Additional service offering trainings will be added as additional services are integrated into the system. There is currently no charge for additional service training programs that are provided by us in a virtual format~~,~~; however ~~some~~, we reserve the right to charge for virtual support in the future and those charges may be paid to us or a third party. Some additional service offerings, such as brow lamination and lash lift, require training by third parties. You must directly pay these third parties their current training fees for any training they provide or we may collect the fees on the vendor's behalf. Except as noted below, and in the Operations Manual, the typical cost for additional service offering training conducted by us in any format other than a virtual format is currently $250 per person, although we reserve the right to change the cost, type and manner of additional service training programs at any time. In addition, you are responsible for the travel and living expenses of all individuals who attend this training, if applicable. Additional service offering training sessions may be offered in a virtual format or at another location we designate, at our discretion. If in-person training is provided on-site at your location and subject to trainer availability we will charge a training fee, currently $~~500 or $~~1,000 or $1,500 per day, per trainer, plus the cost of travel, lodging and meals. We charge $~~500~~1,000 per day for a trainer and $~~1,000~~1,500 per day if you request that training be provided by a Master Trainer. Training provided ~~by a Master Trainer~~in-person is subject to availability. Our current training programs for the brow lamination, lash lift service offering and the lash lift master trainer program are virtual programs offered by a third party vendor and the cost for those programs (paid to the third party vendor) varies. (Franchise Agreement – Section 8.H).

We recommend that training for additional service offerings take place no less than 6 weeks after an aesthetician's completion of the Initial Cerology Training Program.

Additional Customer Experience / Operations Training

If you require additional operations or customer experience training beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance if you are not meeting our requirements, if we determine, in our sole discretion, additional pre-opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. Such additional assistance will be at your expense as described above. Our current published rate for additional assistance is $500 per day, per representative, plus the cost of travel, lodging and meals, but we reserve the right to adjust that rate periodically in our Operations Manual. (Franchise Agreement – Section 8.L).

Annual Recertification Training

We may require your Cerologists to participate in Recertification Training, which will include a review of your Cerologists' technical skills and provision of additional Initial Cerology Training as needed. At our discretion, this training may be provided on-site, online or in another virtual format. While we do not currently require Recertification Training, we reserve the right to do so upon 90 days' written notice to you. You must pay us ~~$500 or~~ $1,000 or $1,500 per day for Recertification training, plus the cost of travel, lodging and meals. We will charge $~~500~~1,000 per day for a trainer and $~~1,000~~1,500 per day if you request that this training be provided by a Master Trainer. Training provided by ~~a Master Trainer is~~in person subject to availability. (Franchise Agreement – Section 8.N).

Conference

We may hold a conference on a regular basis (currently, every other year) to discuss sales techniques, new services and products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures, aesthetician training, and other topics. This conference may be live or a virtual event. You must pay the conference fee, if any (currently, early bird rate is $~~499~~599, regular registration is $~~599~~$750, and late registration is $~~699~~900) and, if applicable, all travel and living expenses to attend. We require a Principal Owner to attend these conferences. If that person does not attend, they will be billed for the "early bird" Conference Fee following the Conference. The conferences will be held at various locations that we will designate. During the first 24 months following the opening of your Waxing Studio, a Principal Owner of your business must attend either our Conference or the "Vitals" program, if offered. (Franchise Agreement ~~-~~ – Section 8.F).

Vitals Training

During the time you operate your Waxing Studio, there is additional training that we may require you to attend in order to stay current on the policies, procedures, and techniques of operating a Waxing the City studio. During the first ~~12~~24 months following the opening of your Waxing Studio, a Principal Owner of your business must attend either our Conference or the "Vitals" program ~~we offer. In the years that we do not offer a Conference, you must send a representative to a~~, if offered. Our "Vitals" program will be offered as needed, and at our sole discretion. The program typically includes 2 to 3 hours of training in two or more of the following areas: marketing, client engagement, customer service, and other topics that we designate from time to time. The program may be held in a virtual format or in person, at a hotel in one or more geographic regions, at our discretion. We offer this training generally every other year in those years in which we do not have a Conference scheduled. The same people who provide the initial training, and are responsible for the initial training, will primarily be responsible for this training. We currently do not charge you to attend the Vitals program, but you are responsible for travel costs, room and board, and the salaries, fringe benefits, and other expenses you and your employees incur in attending these programs, if applicable. We reserve the right to charge for this training in the future. (Franchise Agreement – Section 8.E).

Wax Ed

Wax Ed is an optional, 1 to 2-day soft-skills development training geared for Cerologists ~~and~~but available to other Studio ~~Coordinators. A Studio Coordinator manages the front of the Studio, including the front desk and booking~~staff as well. It covers topics such as teamwork, building client rapport, and developing sales skills. The course is offered at various times throughout the year. It may be offered in a virtual format, in regional locations, or at the corporate offices in Woodbury, Minnesota, at our discretion. The same people who provide the initial training, and are responsible for the initial training, will primarily be responsible for this training. We currently do not charge for this training, but you are responsible for travel costs, room and board, and the salaries, fringe benefits, and other expenses you and your employees incur in attending these programs, if applicable. We reserve the right to charge for this training in the future. The materials we use for this training are developed each time from a variety of sources. (Franchise Agreement – Section 8.G).

Continuing Engagement Credits

Each calendar year, your business must obtain at least 1,200 continuing engagement credits within our system. The credits are not tied to hours, but to specific events or participation you have in our system. As outlined in the Operations Manual, there are currently 4 topic areas in which points may be earned and you must earn points in each topic area, each year, to fulfill this requirement.

There are no additional fees for receiving continuing engagement credits, or taking additional training, but you are responsible for any expenses you or your employees incur in completing any activity. We do not currently, but in the future may offer you the opportunity to take virtual or other online training to receive continuing engagement credits. We encourage you to earn more than 1,200 credits annually and we will explore options to reward and recognize top performers. However, if you fail to meet the minimum requirements in any year, you must pay us a fee of $1.00 per Waxing Studio for each credit deficiency, which we will deposit in the General Advertising and Marketing Fund. Thus, as an example, if you have 1 Waxing Studio, and you achieved only 1,000 credits for the year, you would pay us a fee of $200, but if you had multiple Waxing Studios, you would pay $200 for each of those Waxing Studios. The credits required are prorated for any partial year you are open. This fee is due to us on February 1 following any year in which you fail to meet the minimum requirement.

In addition, if you register for certain training, do not cancel within 2 weeks of the training, and fail to attend, or leave early, then you must pay us a "no show" fee. The materials we use for this training are developed each time from a variety of sources (Franchise Agreement – Sections 8.E and 8.P).

Advertising Programs

General Advertising and Marketing Fund

Under the Franchise Agreement, each franchisee must contribute amounts to the Waxing the City General Advertising and Marketing Fund (the "**General Advertising and Marketing Fund**" or the "**Fund**") currently equal to 2% of monthly Gross Revenue. You must contribute to this Fund on a monthly basis, based on the amount of Gross Revenue you generated in the previous reporting period. We require all our franchisees to contribute to this fund (except that some franchisees signing a Franchise Agreement before the date of this Disclosure Document received a waiver of these fees for the first 24 months after they began operating their studios), and our company-owned studios contribute to the General Advertising and Marketing Fund at the same percentage rate as franchisees. We may periodically increase the General Advertising and Marketing Fund Contribution; provided that the General Advertising and Marketing Fund Contribution will not exceed 3% of monthly Gross Revenue.

We account for the contributions to the Fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the Fund, including salaries and overhead in administering the Fund, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Fund, such as salaries, administrative costs, travel expenses and overhead like rent and utilities. We may also reimburse ourselves, our authorized representatives or our affiliates from the Fund for any expenses we incur related to the promotion of the Waxing the City brand, the Marks or the System, including conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Fund, administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes.

The purpose of the Fund is to develop marketing and advertising programs that maximize general public recognition and acceptance of our brand. This means we may use monies in the Fund for any purpose that promotes the System or the Marks, including the creation, production and placement of consumer advertising; agency costs and commissions; costs of preparing, producing and conducting local, regional or national media of our choice, including: television, radio, internet, magazine, direct mail and newspaper, billboard, social media and digital advertising, and direct mail campaigns, and other public relations activities; developing and/or hosting maintaining and optimizing our website, other websites, and other applications or similar activities; implementing keyword or adword purchasing programs; administering regional and multi-regional advertising programs, and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms and other advertising, promotion or marketing agencies; developing marketing and advertising training programs and conducting market research (including sampling) and secret shopper programs; and other advertising, promotion and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of our choice. We do not guarantee that advertising expenditures from the General Advertising and Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

We have an in-house marketing department, and also work with national, regional and local agencies. It is our responsibility to determine how monies in the Fund are spent. We will direct all advertising or other promotional programs produced using monies from the Fund and have the sole right to approve or disapprove creative concepts, materials and media used in those programs, the placement of the advertisements and the allocation of money in the Fund to production, placement or cost. We are not required to use monies in the Fund to benefit you or any individual market or location, or on a pro rata or other basis. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises.

During ~~2021~~2022, these monies were spent by us~~ and our predecessor~~ for the following purposes:

Item	Percent of Total Expenditures
Brand-level marketing, distributed regionally/locally – administrative, production, paid media	~~78%~~81%
PR, research, technology and other expenses	~~22%~~19%

We may reimburse ourselves, our authorized representatives or our affiliates from the General Advertising and Marketing Fund for any expenses we incur related to the promotion of the Waxing the City brand, the Marks or the System, including administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the General Advertising and Marketing Fund. Any unused funds in any calendar year will be applied to the following year's funds. Any interest the Fund earns will be used for advertising before we use any principal. At your request, we will make available to you an annual accounting for the General Advertising and Marketing Fund that shows how the Fund proceeds were spent for the previous year, but these statements will not be audited. We have no fiduciary duty to you or any other party regarding the operation or administration of the Fund. We may loan funds to the Fund. If we do, the terms of repayment and any interest charged will be as we determine.

It is our intention to solicit input on the development of advertising from franchisees who must contribute to the Fund on the development of the advertising. However, this input will be advisory only, and we will have the right to make all final decisions about how these monies are spent. We do not have any franchisee-formed local advertising cooperatives as of the issuance date of this Disclosure Document, although we reserve the right to create them in the future and may require your participation in them.

Advertising Cooperatives

Although we currently do not, in the future we may establish local advertising cooperatives in market areas in which 2 or more Waxing the City studios are operating. If we establish a cooperative in your area, or there is an existing cooperative in your area when you become a franchisee, you must participate and contribute your share to the cooperative. These cooperatives will, with our approval, administer advertising programs and develop advertising, marketing and promotional materials for the area the cooperative covers. We may require the cooperative to use an advertising agency or other partner we choose.

The amount of the contribution you must contribute will be determined at the time we establish the cooperative but will not be more than 2% of your monthly Gross Revenue. All franchisees and company-owned Waxing the City studios in the market area will be expected to contribute at the same rate to the cooperative. Each Waxing the City studio contributing to a cooperative will have one vote on matters involving the activities of the cooperative. But the cooperative may not produce or use any advertising, marketing or promotional plans that have not be approved by us.

The cooperative will operate from written governing documents. Each cooperative will prepare annual financial statements which will be available for review by a franchisee participating in the cooperative, upon request of that franchisee. We may change, dissolve or merge any cooperative at any time.

Local Advertising Spend Requirement

You must spend a minimum of $1,500 per month on local advertising, after completion of the Grand Opening and Ramp Up Plan (described below), to promote your Waxing Studio. We recommend that you spend more than $1,500 per month during peak times for the waxing industry, such as spring and summer. We may require you to submit your local marketing plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity. If you fail to meet the minimum local advertising spend requirement, we may require you to pay the difference between what you should have spent, and what you actually spent, into the General Advertising and Marketing Fund. We reserve the right to audit your records upon request to determine compliance with this requirement. The amounts you spend on local advertising are in addition to the General Advertising and Marketing Fees that you must pay to us. Local advertising spend is the amounts spent by you for advertising media, including~~ television, radio, internet,~~ social media, ~~newspaper, billboard~~search, radio, print media, promotional items, advertising on public vehicles, and, if not provided by us, the costs of producing approved materials necessary to participate in these media. Advertising expenditures do not include items which we, in our reasonable judgement deem inappropriate for meeting the minimum advertising requirement, including: permanent on-premises signs, vehicles (even if they display the Marks), personnel salaries or administrative costs, and the value of discounts, free offers, or other incentive programs. We may require you to use our designated vendors for local marketing services, which may include us or our affiliates. We may require you to pay to us the minimum required amount each month for local advertising, plus our current one-time setup fee, and we will conduct the local advertising on your behalf.

Grand Opening and Ramp Up ~~Plan~~Advertising / Marketing

We require you to invest $25,000 on local marketing/advertising and local community engagement/outreach marketing activities as part of a "Grand Opening and Ramp Up Plan." Activities in the plan may start as early as your lease is signed (up to 120 days pre-open) and will extend up to 90 days post-opening. You may choose to spend more than the minimum investment amount and you may not be able to achieve your pre-opening and post-opening booking goals if you spend only the minimum required amount. The total cost of the Grand Opening and Ramp Up Plan will be determined by the advertising costs in your area, the time of year that you are opening, the type of media used and the competitive landscape. The Grand Opening and Ramp Up Plan is intended to be a holistic and localized program that includes guides, timelines, tools, and resources we have developed along with agency and corporate staff support to assist new studios in driving awareness and traffic to their new studio location. The Grand Opening and Ramp Up Plan may include digital media, print media, ~~television advertising, radio~~audio advertising, billboards or other outdoor signage. The amounts you spend on the Grand Opening and Ramp Up Plan are in addition to the General Advertising and Marketing Fees that you must pay to us. You must use our ~~preferred~~designated vendors for your Grand Opening and Ramp Up Plan for your Waxing Studio, which may include us or our affiliates, and we may require you to submit your grand opening plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity. We do not guarantee that you will achieve any particular results as a result of this spend, and your results depend on many factors, including your engagement and execution. If you fail to spend the minimum required amount, we may require you to pay the difference between what you should have spent, and what you actually spent, into the General Advertising and Marketing Fund. We may require you to pay to us the minimum required amount for the Grand Opening and Ramp Up Plan and we will execute the Grand Opening and Ramp Up Plan on your behalf.

You must also purchase branded promotional products through our marketing portal or through our designated local marketing vendors as described in Item 5. Some of the costs purchased through the marketing portal may count toward the required minimum expenditures for the Grand Opening and Ramp-Up Plan.

Marketing Resources, Pre-Approvals For Marketing Materials

You must order sales and marketing materials from our approved suppliers and per our standards and specifications. If you desire to use your own advertising materials for any marketing activity, you must obtain our prior approval at least 4 weeks before publication or your first usage, which may be granted or denied in our sole discretion. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before establishing, or having established on your behalf, any ~~websites, profiles or accounts~~digital or electronic medium or method of communication, including a website, web page, review or opinion page, social media and/or social networking site, channel, avatar, profile, including an online business profile, account, hashtag, user name or application, whether web-based or otherwise, relating to us, your Waxing Studio, or to the Waxing the City system. You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using it.

Site Selection and Opening

You will be given the right to open a Waxing Studio in a DMA that we agree on at the time you sign your Franchise Agreement. You will have until the Required Opening Date on the Rider to your Franchise Agreement, but in no event more than 12 months from the date you sign the Franchise Agreement, to secure a location we approve in the DMA and open and begin operating your Waxing Studio. If you fail to meet any of these conditions by the Required Opening Date, including failing to obtain our approval of your location, we can terminate your Franchise Agreement and retain all amounts you have paid to us and our affiliates. If you are converting an existing waxing business to a Waxing the City® studio, you must complete all remodeling and open your Waxing Studio within 90 days of the date you sign the

Franchise Agreement. If you fail to, we can terminate your Franchise Agreement and retain all amounts you have paid us and our affiliates.

We will provide you with consulting services to assist you in evaluating and selecting a site for your Waxing Studio in this DMA and may provide you recommendations on sites in this DMA. It is your obligation to select a site for your studio and obtain our approval of that site. While we will assist you, and we may identify various potential sites in your market area, we have no obligation to locate or select a site for you, or negotiate the purchase or lease of a site, and we do not own the premises and lease them to you. Before you acquire any site, you must submit to us information and materials we require and obtain our approval to your site. The factors we take into account in approving a site are the visibility of the site, the retail feel of the site, the location of competitors, whether the site is easily accessible, surrounding businesses and various other factors. A Waxing Studio should have at least 1,200 square feet, but we recommend having 1,500 to 1,800 square feet, with 6 waxing treatment rooms. We will generally tell you within 30 days whether or not we approve your proposed site. If you and we are unable to agree on a site for your Waxing Studio, the opening of your Waxing Studio may be delayed.

As described in Items 7 and 8, we offer Construction Management Services for the build-out of your Waxing Studio. As of the issuance date of this Disclosure Document, we do not require that you participate in the Construction Management Services program. However, we may transition the Construction Management Services program to a mandatory program. If this occurs, you will be required to purchase Construction Management Services if you have not already signed a Franchise Agreement with us or have not commenced the construction of your Waxing Studio.

You may not open your Waxing Studio until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) initial training is completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received and installed your equipment, supplies, inventory and computer system. You must be prepared to begin operating your Waxing Studio immediately after we state that your Waxing Studio is ready for opening. If you open your Waxing Studio before obtaining our consent, you will be charged a fee of $2,500.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Waxing Studio will be 6 to 12 months. Some factors which may affect this timing are the competition for sites in your DMA, your ability to acquire space for your Waxing Studio through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory and the time to convert, renovate or build the facility. Your failure to open your Waxing Studio on or before the Required Opening Date will constitute a default of your Franchise Agreement and allow us to terminate your Franchise Agreement.

Under the Area Development Agreement, you will have the right to develop, open, and operate multiple Waxing Studios. Each Waxing Studio must be developed and opened according to our then-current System standards and other approval requirements, and you must open your Waxing Studio on or before the date provided in the Development Schedule. You or your affiliates must sign our then-current form of Franchise Agreement for each Waxing Studio you develop and open under the Area Development Agreement, which may contain materially different terms and conditions than the Franchise Agreement attached to this Disclosure Document. We will determine or approve the location of future Waxing Studios and any protected territories for those Waxing Studios based on our then-current System standards for sites and protected territories.

Software and Computer Equipment

Computer Hardware

You must use the POS system, computer and network hardware and software that we periodically designate for the operation of your Waxing Studio.

We recommend you purchase your hardware from our affiliate, ProVision. ProVision offers ~~2~~3 technology packages that meet or exceed our minimum requirements. Each ProVision package generally includes the following components: network and rack equipment, 3 computers, 2 tablets, and surveillance cameras and related security equipment. The larger, optional ProVision ~~package~~packages also ~~includes~~include: audio equipment for your studio lobby and treatment rooms. The use of mobile devices in your Waxing Studio and mobile device management services is ~~currently optional, but we may make it~~ mandatory~~ in the future. However, if you use tablet or mobile devices in treatment rooms, you are required to purchase them through ProVision and you~~. You are required to purchase, install and maintain mobile device management services for those devices through ProVision. The mobile device management services fees are ~~approximately $50 to $100 per month and are~~included in the Technology Fee paid to ~~ProVision~~us. As of the date of this Disclosure Document, the ProVision technology package costs range from $~~6,722~~8,222 to $~~14,485~~24,882. Package prices ~~do not~~ include taxes, shipping ~~or~~and installation, which we estimate will cost an ~~additional~~ approximately 45~~% of the package cost. Package costs also do not include taxes which we estimate will cost an additional 10~~% of the package cost. Equipment provided by ProVision typically has a warranty of 12 months on parts and labor from the date of installation on core hardware components only (excluding software).

Computer Software

~~Much of the software that you will use for your computer is standard software that you will order with your computer, including the desktop version of QuickBooks Online, provided by our mandated vendor. In addition, you must~~We may require you to use our designated financial management and reporting software~~, which is used with QuickBooks Online~~ provider.

We will arrange for you to obtain a license to use studio management and point of sale ("**POS**") software that has been customized for use in Waxing studios. The cost for this license is included in the monthly Technology Fee you pay to us. The Technology Fee is currently $~~399~~599 per month, but we reserve the right to increase it upon written notice to you. This software is a proprietary product that has been customized for our System and we have not approved any compatible equivalent software. In connection with this software we may require you to implement add-on software to your POS system. We may also require you to use this or any other software we designate to conduct mass marketing via email and/or text messages to members or prospective members. We and the software vendor will provide the continuing monthly support you need to operate this studio management software. We also intend to provide software updates at no cost to you as part of the Technology Fee, but we are not obligated to do so, and whether we do so or not is likely to depend on the extent of any upgrades. We do not provide support for any other third-party software.

As part of the Technology Fee you pay to us, we will also provide website hosting and provide to you Microsoft Exchange Email hosting and support (including up to 5 @waxingthecity.com email addresses, and set up of an additional email mailbox). You may purchase additional email addresses and mailboxes in packages of 5, for an additional fee of $20 per month.

Ongoing Maintenance and Use

Neither we, nor any affiliate nor to our knowledge, any third party, is obligated to provide you with ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. We may require you to upgrade or update the computer system (including hardware and software) during the term of the franchise, and we anticipate that you will be required to do so. You may be required to pay initial and/or ongoing license, support or service fees associated with such upgrades or updates. There are no contractual limitations on the frequency and cost of the obligation. Other than as described above, we do not have any contractual obligation to upgrade or update any of your hardware or software, during the term of this franchise.

You must have sufficient computer skills to be able to operate your computer system, including mobile applications, and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You will use your computer and mobile applications for appointment scheduling, customer management, point-of-sale transactions, employee management and education, eCommerce, inventory management, business and payroll reporting, marketing, and social media integration. Our software will also give you access to our online franchisee support center, ongoing product development and online education.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems. We strongly recommend that your computer system be used for business purposes only, and not for entertainment, personal social networking site access, or other matters unrelated to your business.

ITEM 12
TERRITORY

DMA

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. When you sign a Franchise Agreement, you will receive the right to operate a single Waxing Studio at a specific location that we must approve within the DMA we agree on at that time. DMAs represent market areas, that vary in size and we use the market areas that are established by The Nielsen Company, LLC, which is an independent, unaffiliated, third party to define our DMAs. The boundaries of a DMA will change if The Nielsen Company, LLC or its successor changes the applicable defined market area. In determining how many Waxing the City studios to place in a particular DMA, we consider various factors including, population density and growth trends, apparent degree of affluence of population, the density of residential and business entities, traffic generators, competition, availability of suitable real estate, other commercial considerations, and other criteria. The capacity of a DMA (the number of Waxing the City studios a particular DMA may hold) may change during the term of your Franchise Agreement with us. We may not allow a single franchisee to purchase more than 70% of the potential or existing locations within any given DMA.

You may locate your Waxing Studio at any site we approve within that DMA, so long as the site you select is not also within a protected territory of another Waxing Studio. You must operate your Waxing Studio at that site. If the site becomes unavailable to you for any reason, it is your obligation to select a new site, and to obtain our approval of that site before you acquire the site, and before you obtain any rights in the site. Once the site for your Waxing Studio has been approved, we will grant you a protected territory.

If you identify a potential site in the DMA for your Waxing Studio you must send us a complete site report containing demographic, commercial and other information and photographs that we may reasonably require. In approving or disapproving a proposed site we consider various factors including, density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, competition, proximity to other Waxing the City studios, size and other commercial considerations, appearance and other criteria. We do not have to accept a proposed site that does not meet our criteria. We or an affiliate can acquire the site or we can give other Waxing the City franchisees searching for sites in the DMA the right to acquire the site if we approve it.

Your rights in the DMA are not exclusive and we, other franchisees and/or Area Developers may also be looking for sites in the same DMA at the same time. There may be other franchisees and/or Area Developers who have Waxing the City studios or protected territories within the DMA, which will restrict the location of your Waxing Studio. ~~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.~~ Proposed sites within the DMA will be emailed to all franchisees and/or Area Developers who have rights in the DMA at the time we approve the site, regardless of whether the proposed site was identified by our real estate team or was submitted for approval by you or another franchisee. In deciding whether and to whom to award a proposed site we consider various factors including, how long a franchisee has been looking for a proposed site within the DMA (generally awarded to those who have been looking longest), length of time to the Required Opening Date (generally awarded to those with closest Required Opening Date), proximity to a franchisee's existing Waxing Studio, if applicable, and a franchisee's financial ability to support the Waxing Studio. Given these factors, you may not be awarded a particular proposed site, even if you submitted it to us for approval. If we provide you a proposed site and you do not accept it within the time we specify or another franchisee accepts it before you do, then you will not have any rights to the site. If you do not acquire a site that we have approved within the timeframe we have given you, we or an affiliate can acquire the site or give another franchisee the right to acquire the site.

We currently intend to offer you the assistance of our real estate team to assist you in finding a proposed site for your Waxing Studio within your designated DMA and to provide you with demographic and other information to which it has access regarding proposed locations within your designated DMA. However, we may be looking for our own sites or sites for other franchisees, we are not obligated to provide you such assistance and you are solely responsible for locating and securing an acceptable, proposed location that is approved by us in order to fulfill the development obligations in your Franchise Agreement(s). You are responsible if we terminate the Area Development Agreement because you are unable to secure one or more acceptable, proposed locations to fulfill the development schedule in your Area Development Agreement. If you fail to meet the terms of the development schedule in your Area Development Agreement or you fail to develop a single Waxing Studio on or before the Required Opening Date in your Franchise Agreement, we can terminate your Area Development Agreement and/or Franchise Agreement(s) in their entirety and you are not entitled to a refund of any of the Development Fees or Initial Franchise Fees paid.

Protected Territory

You will have 12 months from the date you sign the Franchise Agreement to secure an acceptable location in the DMA and open and begin operating your Waxing Studio. If you want to extend that time for an additional 3 months, and we agree to allow you to do so, you must pay a $500 extension fee to us as a condition to our granting the extension. When you have found a location in the DMA that is approved by us, we will amend your Franchise Agreement to identify your location, Required Opening Date and the "protected territory" around your location. To identify your protected territory we will use mapping and demographic software to ~~draw a circle around~~identify the boundaries of your ~~location~~protected territory. The determination of your protected territory is within our sole discretion~~.~~ ~~The radius of the circle identifying the protected territory may vary, but will be no larger than 5 miles and your protected territory~~ but will include a population of no more than ~~80,000~~50,000 people based on census projections for up to 5 years from the date of your Franchise Agreement.

We may attach a map to your Franchise Agreement that will identify the protected territory or we may simply describe an area surrounding your location. The map or description may not be a specific radius from your Studio, because it will take into account traffic patterns and natural boundaries. ~~However, the territory will range from approximately one-half mile from your studio (in densely populated metropolitan areas) to as much as 3 miles (in small towns).~~ Protected territories may overlap, but we will not approve anyone opening a Waxing the City studio, or relocating a Waxing the City studio, into a protected territory given to another studio. ~~(By way of example, one person may have a Waxing the City studio in the center of City A, with a territory of 2 miles in all directions, while another person has a Waxing the City studio in the center of City B, located 3 miles away from the site of the first franchisee's Waxing the City studio, and also with a territory of 2 miles. While the protected territories overlap, each franchisee's studio is located outside the protected territory of the other franchisee, and it cannot be relocated within the other franchisee's protected territory).~~ We cannot unilaterally change your protected territory, and there are no minimum quotas required; as long as your Franchise Agreement is in effect, you will retain the rights described in this paragraph. Upon renewal of your Franchise Agreement, we will recalculate the population in your market and reserve the right to revise your protected territory to reflect our then current guidelines. Except as provided above, your protected territory will not change even if the population within your protected territory changes.

The criteria we use for determining the boundaries of the protected territory in your Franchise Agreement include ~~density of~~ population as discussed above, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, driving time, and natural boundaries. ~~Your protected territory is exclusive.~~ During the term of your Franchise Agreement, we will not place or license to anyone else the right to place a Waxing the City studio that is physically located in your protected territory. However, we and our affiliates can place Waxing the City studios, or grant others the right to do so, outside your protected territory, including studios operated under the Waxing the City name, even if they compete for customers with your studio, and even if the territorial boundaries for that franchise overlap with the boundaries for your territory. We and our affiliates also have the right to operate, and to grant franchises or licenses to others to operate, any waxing or hair removal business and any other business from locations within this territory under trademarks other than "Waxing the City", without compensation to you. 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.

Relocation

You must provide us at least 60 days' prior notice, pay a relocation fee and reimburse our expenses in reviewing the new location, and obtain our consent before you intend to relocate your Waxing Studio. The new location must be within your protected territory, and it may not be located within any territory we grant to any other franchisee. You must upgrade the new space to comply with all of our current specifications.

Customers

We do not restrict the customers you may serve, and you generally may solicit customers outside your territory, including through channels of distribution such as the Internet, telemarketing or other direct marketing sales. All of your advertising~~, including your website,~~ must be approved by us, and you must obtain our written approval before you establish ~~any other~~or have established any digital or electronic medium or method of communication, including a website, web page, review or opinion page, social media and/or social networking ~~or social media~~ site, channel, avatar, profile~~ or account~~, including an online business profile, account, hashtag, user name or application, whether web-based or otherwise, relating to or making reference to us, your studio, or to the Waxing the City system. We and our affiliates have the right to sell products and services (like apparel, waxing supplies, and related products) both inside and outside your territory, using the “Waxing the City~~®”~~”®” name, any derivative or any other name, through any channel of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, without any compensation to you.

Area Development Agreement

If you sign an Area Development Agreement, we will grant you certain non-exclusive rights within a DMA as described in the Area Development Agreement (“**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.

Unless you are signing a Franchise Agreement for a new Waxing Studio to be developed under an ADA signed before the issuance date of this Disclosure Document, upon signing the ADA you will acquire the right to develop the specified number of Waxing Studios within the identified DMA and you will sign the Franchise Agreement for your first Waxing Studio contemporaneously with signing the ADA. You will sign our then-current Franchise Agreement for each subsequent Waxing Studio that you open according to the development schedule in the ADA. We will determine or approve the location of any future Waxing Studios and any protected territories for those Waxing Studios based on our then-current standards for sites and territories. We do not permit an ADA that would permit the development of Waxing Studios in multiple DMAs, however, franchisees who signed an ADA before the issuance date of this Disclosure Document may be permitted to do so.

Options, Rights of First Refusal, or Similar Rights

You will not receive any options, rights of first refusal, or similar rights to additional franchises, except as provided in your Area Development Agreement.

ITEM 13
TRADEMARKS

The Franchise Agreement gives you the right to operate a waxing studio under the trade names, trademarks and service marks that we establish.

The following marks have been registered on the Principal Register of the United States Patent and Trademark Office (“**USPTO**”). These are the principal trademarks you will use in operating your Waxing Studio:

Mark	Registration Number	Registration Date
WAXING THE CITY	3,562,047	January 13, 2009

Mark	Registration Number	Registration Date
CEROLOGY	4,475,000	January 28, 2014

Most of these Marks above were originally registered by MARS Ventures and later assigned ~~to WTC Franchising. When our predecessor acquired the assets of that entity in October 2012, WTC Franchising assigned these registrations~~ to our predecessor who then assigned them to us in the securitization disclosed in Item 1. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. All affidavits required to preserve and renew these Marks have been or will be filed. No currently effective agreement limits our right to use or license the use of our Marks.

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. You may not use our Marks in a manner not expressly authorized in writing by us, or in connection with an unauthorized website, social media post, or product or service.

We will protect and maintain all rights to use our Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of our Marks, including bringing actions against third parties regarding the use of any of our Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving our Marks. You must cooperate with us and take all actions as may be desirable in the opinion of our counsel to carry out the defense or prosecution. While we are not required to defend you against a claim based on your use of our Marks, we will either do so, or we will reimburse you for your liability as long as you properly use our Marks, including against claims of infringement or unfair competition arising out of your use of the Marks.

We may change our Marks and require you to adopt new Marks as if they were part of the Franchise Agreement at the time of its execution. You must comply with these changes immediately at your expense after we notify you that we have discontinued, modified or changed one or more of our Marks. We will have no liability or obligation because of the discontinuation, modification or change. You must not directly or indirectly contest the validity of our ownership of the Marks or our right to use or license our Marks, trade secrets, confidential information or business techniques that are part of our business. You must use the designations of ®, ™, and SM in advertising and promotions using our Marks.

We do not know of any infringing uses that could materially affect your use of our Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We do claim copyright protection for the Operations Manual, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses or these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide to you. You may use these materials, in the manner we approve, in the operation of your Waxing Studio during the term of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include any trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your Principal Operator, but only to the extent necessary to operate the Waxing Studio, and then only while your Franchise Agreement is in effect.

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

While we do not require that you personally supervise your Waxing Studio, we recommend that you do so. If you are not the "on premise" supervisor of the Waxing Studio, then you must designate a Principal Operator to serve as your on-premise supervisor. You, and your Principal Operator if you have one, must attend and participate in any on-site visits by our corporate representatives at your Studio. You must participate in any scheduled business review calls scheduled by our corporate representatives and you must provide us with accurate and complete financial statements, including profit & loss statements and balance sheets, for your Studio upon our request, and in advance of any scheduled business review call(s). We do not impose any limitations on whom you can hire as your Principal Operator, but that person must complete our initial training requirements and all other training we reasonably designate, and that person must sign a confidentiality and non-disclosure agreement with you that meets our requirements and that you provide to us before they attend training. We also require you to designate a Principal Owner of your business to attend our Conference each year, even if that person is not personally supervising your Waxing Studio. We do not require the Principal Operator of your business to have any ownership interest in your business.

If you are a legal or business entity, each individual who has any ownership interest in your business, directly or indirectly, and their spouse, must sign the Personal Guaranty and Agreement to be Bound assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement and ADA, as applicable. (See the Franchise Agreement (Exhibit E) and ADA (Exhibit ~~G~~F)).

All Principal Operators, managers, coordinators and aestheticians must sign non-disclosure agreements with you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must refrain from using or permitting the use of your Waxing Studio for any other purpose or activity at any time without first obtaining our written consent. You must sell or offer for sale only those services and products which are approved by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications. We have the right to change the services and products that we require you to offer at any time, without limitation. We reserve the right to establish maximum and/or minimum resale prices for use with multi-area marketing programs and special price promotions. You must comply with the reciprocity, membership, loyalty, national campaigns and promotions and transfer programs we implement, as we periodically modify them. You must offer products and services only at your Waxing Studio.

We do not limit the persons to whom you may offer your products and services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreements	Summary
a . Length of the franchise term	Section 2.A – Franchise Agreement Section 3.A and 4 and Rider – Area Development Agreement	The initial term is 6 years. The term depends on the number of franchises to be developed under the Area Development Agreement. It will typically be between 1 and 5 years.
b. Renewal or extension of the term	Section 2.B – Franchise Agreement Area Development Agreement – Not Applicable	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 5 year period. You cannot renew the Area Development Agreement.
c. Requirements for you to renew or extend	Section 2.B – Franchise Agreement	Give written notice, sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement, including a reduction in the size of your protected territory under the new franchise agreement); be in compliance with all agreements between you and us or our affiliates; update (or move) your location to comply with then-current standards; sign general release; pay renewal fee; show that you have the right to remain in possession of the location

Provision	Section in Franchise or Other Agreements	Summary
	 Area Development Agreement – Not Applicable	for the renewal term; your staff completes any required refreshing training. You do not have the right to renew or extend the Area Development Agreement.
d. Termination by you	Section 15 – Franchise Agreement Area Development Agreement – Not Applicable	Subject to state law, if we materially breach the Franchise Agreement and fail to cure the breach within 30 days after notice, you can then terminate the Franchise Agreement by giving us an additional 10 days' notice. You do not have the right to terminate the Area Development Agreement (subject to state law).
e. Termination by us without cause	Franchise Agreement – Not Applicable Area Development Agreement – Not Applicable	Not applicable. Not applicable.
f. Termination by us with cause	Section 14 – Franchise Agreement Section 5 – Area Development Agreement	If you do not open in 12 months (subject to an extension as described in Item 5) or are in default under the Franchise Agreement or any other agreement you have with us or with any of our affiliates. If you are in default under the Area Development Agreement, or you or any of your affiliates are in default under any Franchise Agreement or other agreement you have with us or with any of our affiliates. The Franchise Agreement and the Area Development Agreement contain cross-default provisions.
g. "Cause" defined – curable defaults	Section 14.B – Franchise Agreement and Section 5 – Area Development Agreement	Most defaults are curable and you will have 30 days to cure.
h. "Cause" defined – non-curable defaults	Section 14.A – Franchise Agreement Section 5 – Area Development Agreement	You are liquidated or dissolved; fail to operate the business for 7 consecutive days, abandon the business, lose the right to do business, or lose the right of possession of the premises where the studio is located; unapproved transfers; you or any of your owners engage in fraudulent conduct or are convicted of, or plead guilty or no contest to, certain crimes; 3 notices of material breaches within 12 months; you maintain false books or records or submit any false or misleading application, statement or report to us; you misuse our marks or materially impair the value of, or the goodwill associated with our marks or the franchise system; and other stated non-curable defaults. Similar reasons as for Franchise Agreement, you fail to

Provision	Section in Franchise or Other Agreements	Summary
		meet your development obligations in the Development Schedule, or we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.
i. Your obligations on termination/non-renewal	Section 16 – Franchise Agreement Section 6 – Area Development Agreement	Stop operating the studio, stop using our names and marks, return information to us, assign to us or cancel certain registrations, listings, telephone numbers, websites and domain names, ~~and~~ pay all amounts you owe us, and comply with your obligations if we exercise our purchase option. You lose all remaining rights to develop Waxing Studios. You also pay $10,000 for each undeveloped franchise as liquidated damages (subject to state law).
j. Assignment of contract by us	Section 13.A – Franchise Agreement and Section 7.A – Area Development Agreement	No restriction on our right to assign.
k. "Transfer" by you – defined	Section 13.B – Franchise Agreement and Section 7.B – Area Development Agreement	Includes transfer of contract or business, or transfer of majority control of the Franchise Agreement or of the business.
l. Our approval of transfer by franchisee	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	We have the right to approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met. We have the right to approve, but you may not transfer only a portion of your rights.
m. Conditions for our approval of transfer	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	Conditions include: (i) You must be in compliance with the Franchise Agreement and provide us with all information we require regarding the proposed transaction; (ii) transferee must meet our requirements and sign a new franchise agreement on our then-current form for the remaining term of your agreement (which may contain materially different terms and conditions then in your agreement, but we will not require the transferee to pay us a new initial franchise fee.); (iii) you must also pay a transfer fee and sign a release (subject to state law); (iv) transferee must agree to perform any maintenance, remodeling and re-equipping of your Waxing Studio that we deem necessary; and (v) transferee's Principal Operator must successfully complete all required training. You must meet any additional conditions we otherwise specify in writing. You must sign franchise agreements for all remaining studios you are permitted to develop, and you must

Provision	Section in Franchise or Other Agreements	Summary
		transfer those agreements to the same person or entity to whom you are transferring the Area Development Agreement. You must meet any additional conditions we specify in the Operations Manual or otherwise in writing
n. Our right of first refusal to acquire your business	Section 19 – Franchise Agreement	We have the right to match any offer for your business.
o. Our option to purchase your business	Section 16.L – Franchise Agreement	We can purchase from you at book value all or a portion of the assets of your Waxing Studio and take an assignment of your leases, upon the termination or expiration without renewal of your Franchise Agreement.
p. Your death or disability	Section 13.B – Franchise Agreement and Section 7.B – Area Development Agreement	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Section 17.A – Franchise Agreement and Section 9 – Area Development Agreement	No involvement in any studio that offers hair removal services (including as creditor or landlord), wherever located (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 17.B – Franchise Agreement and Section 9 – Area Development Agreement	No involvement in any studio that offers hair removal services (including as creditor or landlord) for 2 years in your Protected Territory or within a 10 mile radius of any Waxing the City studio (subject to state law).
s. Modification of the agreement	Sections 8.J and 20.K – Franchise Agreement Section 9 – Area Development Agreement	No modifications without consent by all parties, but our manuals are subject to change. No modifications without consent of all parties.
t. Integration/merger clause	Section 20(K) – Franchise Agreement, Section 9 – Area Development Agreement	Only the terms of the Franchise Agreement, Area Development Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement/Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18 – Franchise Agreement, Section 9 – Area Development Agreement	Except for certain disputes, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration (subject to applicable state law).
v. Choice of forum	Section 18.~~F~~ – Franchise Agreement, Section 9 – Area Development Agreement	Subject to state law, mediation in a metropolitan area with at least 250,000 people that is not located within 100 miles of either of our principal offices, and arbitration in Minneapolis, Minnesota. Subject to state law, any litigation must be brought in the United States District Court for the District of Minnesota or the Ramsey County District Court, Minnesota.
w. Choice of law	Section 20.D – Franchise Agreement, Section 9 – Area Development Agreement	Subject to state law, Minnesota law generally applies.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~**Franchised Waxing Studios**~~

~~2021 Gross Revenues~~

~~The Gross Revenues described below reflect the Gross Revenues reported to us between January 1, 2021 and December 31, 2021 by the 98 franchised Waxing Studios that were in operation for at least 12 months as of January 1, 2021 and operated throughout 2021. One other franchised Waxing Studio that was open for 12 months as of January 1, 2021 was excluded because it permanently closed during 2021. That studio was open for more than 12 months before closing.~~

As of December 31, 2022 there were 133 franchised Waxing Studios in the Waxing the City System. The information in the charts below is taken from the 109 franchised Waxing Studios that were opened on or before July 1, 2021 and that were operating for the entire 12 month period ended December 31, 2022. We excluded 24 Waxing Studios that opened after July 1, 2021.

Gross Revenues as used in this Item 19 includes all revenues generated by the Waxing Studio and reported to us in 2022, excluding bona fide refunds, credits given or allowed to customers for the return of merchandise and amounts collected from customers and remitted to a governmental taxing authority in satisfaction of sales taxes, however, chargebacks are not deducted from the calculation of Gross Revenues. This is consistent with the definition of Gross Revenues in our Franchise Agreement. We have denoted in the charts below those instances where Gross Revenues are calculated specific to a certain item, such as a Ticket or Club Orange memberships.

Average Annual Gross Revenues Information

	~~**Average (98**~~**All 109 Studios**~~**)**~~	**Top 1/3 (**~~**33**~~**36 Studios)**	**Middle 1/3 (**~~**32**~~**37 Studios)**	**Bottom 1/3 (**~~**33**~~**36 Studios)**
Average Gross Revenues[1]	~~$563,626~~ $598,822	~~$805,220~~ $863,335	~~$550,147~~$560,269	~~$335,101~~$373,931
Number/Percentage ~~**Above**~~**Met or Exceeded Average Gross Revenues**	~~45/46%~~47/43%	~~13/39%~~14/39%	~~16/50%~~ 16/43%	~~16/48%~~ 22/61%
Median Gross Revenues	~~$549,947~~ $553,651	~~$736,864~~ $777,651	~~$549,947~~$553,651	~~$329,435~~$394,446
Highest Gross Revenues	~~$1,359,825~~$1,449,	~~$1,359,825~~$1,449,	~~$658,684~~$670,	~~$452,256~~$466,

	509	509	478	911
Lowest Gross Revenues	~~$173,622~~ $177,123	~~$659,030~~ $675,377	~~$453,572~~$467,296	~~$173,622~~$177,123

~~These figures were prepared without an audit. Prospective franchisees and franchise sellers should be advised that no certified public accountant has audited these figures or expressed his/her opinion on their content or form.~~

~~These~~

1. Average Gross Revenues ~~were compiled from~~of the Waxing Studios ~~that opened as early as November 1, 2003 and as recently as December 31, 2019~~is calculated by determining the total amount of Gross Revenues of the Waxing Studios in the data set for the time period in the data set and dividing that amount by the total number of Waxing Studios in the data set.

~~For the year ended December 31, 2021, the average Gross Revenues per ticket was $57.44 for these Waxing Studios. 40, or 41%, reported Gross Revenue per ticket higher than this average. The median Gross Revenues per ticket for these Waxing Studios was $56.50, and the range of the average Gross Revenues per ticket reported by these franchisees was $47.97 to $75.97.~~

Average Monthly Unique Customers

We also track unique customers for our Waxing Studios. Average Monthly Unique Customers per Studio is the number of customers in a month who paid for a good, service or membership at that visit, but disregarding repeat visits in the same month to the same Studio. It is the average of all Waxing Studios' monthly averages in the data set. In 2022, the Average Monthly Unique Customers per Studio in the data set was 741, the median was 691 and the number/percentage of our Waxing Studios that met or exceeded the average was 46 or 42%.

Average Ticket[1] Gross Revenues

	Average (109 Studios)
Average Ticket Gross Revenues[2]	$60
Number/Percentage Met or Exceeded Average Ticket Gross Revenues	51/47%
Median Ticket Gross Revenues	$59
Highest Average Ticket Gross Revenues	$79
Lowest Average Ticket Gross Revenues	$49

1. A "Ticket" is the invoice provided by the Waxing Studio to a customer showing the services performed for, and products purchased by, the customer during that visit, excluding taxes, along with an itemized and total amount due.
2. Average Ticket Gross Revenues are calculated in the same manner as Gross Revenues are calculated in the first chart above, except that the data set is made up of the tickets of all the Waxing Studios in the data set as opposed to the Waxing Studios themselves.

Club Orange[1] Information

	Average (109 Studios[2])
Average Gross Revenues[3]	$187,718
Number/Percentage Met or Exceeded Average Gross Revenues	45/41%
Median Gross Revenues	$164,957
Highest Gross Revenues	$536,999
Lowest Gross Revenues[2]	$0.00

1. Club Orange refers to the Waxing the City Club Orange membership program, which is a monthly subscription service that provides the member with discounts on designated services and retail products, and other benefits in exchange for the payment of a monthly subscription fee. The Gross Revenues information in this chart is the Gross Revenues from payment of these monthly fees.

2. Of the 109 franchised Waxing Studios, we had 1 Waxing Studio that did not participate in the Club Orange program, but we included that Studio in the data.

3. Club Orange Annual Gross Revenues are calculated in the same manner as Gross Revenues are calculated in the first chart above, except that the data set is made up those Waxing Studios that collected Gross Revenues for Club Orange membership subscriptions.

31.35% of the total Gross Revenues of the franchised Waxing Studios in the data set were attributable to monthly subscription payments for the Club Orange memberships of the franchised Waxing Studios in the data set. This percentage was determined by dividing the total Gross Revenues attributable to monthly subscription payments for the Club Orange memberships of the Studios in the data set by the total Gross Revenues of the Studios in the data set.

Retail Gross Revenues Information[1]

	Average (109 Studios)
Average Gross Revenues[2]	$36,624
Number/Percentage Met or Exceeded Average Gross Revenues	45/41%
Median Gross Revenues	$31,791
Highest Gross Revenues	$123,919
Lowest Gross Revenues	$3,205
Retail Attach Rate[3]	15%

1. This chart provides information related to the sale of retail products by the 109 franchised Waxing Studios to customers of these Studios. We consider a "retail product" to be any item purchased by a customer that is not a service.

2. Average Gross Revenues of the Waxing Studios as disclosed in the chart above are calculated by determining the total amount of Gross Revenues attributable to the sale of

retail products of the Waxing Studios in the data set and dividing that amount by the total number of Waxing Studios in the data set.

3. Retail Attach Rate is the percentage of tickets issued by the Waxing Studios that included the sale of at least one retail product. This percentage was determined by dividing the total amount of tickets that included the sale of at least one retail product of the Waxing Studios in the data set by the total number of tickets of the Studios in the data set.

GENERAL INFORMATION APPLICABLE TO ALL OF ITEM 19

Some Waxing Studios have sold ~~this amount~~these amounts. Your individual results may differ. There is no assurance that you'll sell as much.

~~**Company-Owned Waxing Studios**~~

~~2021 Gross Revenues~~

~~The Gross Revenues described below are based on the Gross Revenues reported to us between January 1, 2021 and December 31, 2021, by the 7 company-owned Waxing Studios that were in operation for at least 12 months as of January 1, 2021 and operated throughout 2021. No company-owned Waxing Studios closed during 2021.~~

	~~Average of all 7 Studios~~	~~Top 1/3 (2 Studios)~~	~~Middle 1/3 (3 Studios)~~	~~Bottom 1/3 (2 Studios)~~
~~Average Gross Revenues~~	~~$547,650~~	~~$720,101~~	~~$518,513~~	~~$418,907~~
~~Number/Percentage Exceeding Average Revenue~~	~~3/43%~~	~~1/50%~~	~~1/33%~~	~~1/50%~~
~~Median Gross Revenues~~	~~$505,240~~	~~$720,101~~	~~$505,240~~	~~$418,907~~
~~Highest Gross Revenues~~	~~$736,069~~	~~$736,069~~	~~$572,533~~	~~$473,201~~
~~Lowest Gross Revenues~~	~~$364,612~~	~~$704,133~~	~~$477,765~~	~~$364,612~~

~~These figures were prepared without an audit. Prospective franchisees and franchise sellers should be advised that no certified public accountant has audited these figures or expressed his/her opinion on their content or form.~~

~~These Gross Revenues were compiled from Waxing Studios that opened as early as December 2012 and as recently as January 2017.~~

~~2021 Net Profit~~

~~We do not receive complete expense information from our franchisees, but we do have that information from our company-owned Waxing Studios. The tables below provide financial information based on the top third, middle third, and bottom third of the 7 company-owned Waxing Studios disclosed above for the 12 months ended December 31, 2021. The Gross Revenues shown are the Gross Revenues in the chart above for the 7 company-owned Waxing Studios. The expenses are the actual expenses incurred by those Waxing Studios, adjusted as described in the footnotes to reflect the expenses that would have been incurred if the Waxing Studios had been operated as franchised Waxing Studios with the same results.~~

	~~Overall Average~~	~~Top 1/3 Average (2 Studios)~~	~~% of Revenue~~	~~Middle 1/3 Average (3 Studios)~~	~~% of Revenue~~	~~Bottom 1/3 Average (2 Studios)~~	~~% of Revenue~~
~~Membership Dues~~	~~$175,043~~	~~$240,276~~	~~33%~~	~~$174,189~~	~~34%~~	~~$111,091~~	~~27%~~
~~Refunds~~	~~(1,776)~~	~~(2,120)~~	~~0%~~	~~(1,350~~	~~0%~~	~~(2,071)~~	~~0%~~
~~Service Sales~~	~~387,456~~	~~484,018~~	~~67%~~	~~371,161~~	~~72%~~	~~315,337~~	~~75%~~
~~Product Sales~~	~~55,882~~	~~85,781~~	~~12%~~	~~45,029~~	~~9%~~	~~42,262~~	~~10%~~
~~Sales Returns and Discounts~~	~~(68,954)~~	~~(87,853)~~	~~-12%~~	~~(70,517)~~	~~-14%~~	~~(47,712)~~	~~-11%~~
~~Total Gross Revenues~~	**~~$547,650~~**	**~~$720,101~~**	**~~100%~~**	**~~$518,513~~**	**~~100%~~**	**~~$418,907~~**	**~~100%~~**
~~Cost of Goods Sold (COGS) – Product~~	~~$92,105~~	~~$123,160~~	~~17%~~	~~$85,154~~	~~16%~~	~~$71,476~~	~~17%~~
~~Cost of Goods Sold (COGS) – Labor~~	~~186,667~~	~~239,903~~	~~33%~~	~~178,446~~	~~34%~~	~~145,762~~	~~35%~~
~~Total COGS~~	**~~$278,771~~**	**~~$363,063~~**	**~~50%~~**	**~~$263,600~~**	**~~51%~~**	**~~$217,238~~**	**~~52%~~**
~~Operating Expenses~~							
~~Studio Manager Compensation[1]~~	~~40,665~~	~~48,540~~	~~7%~~	~~35,181~~	~~7%~~	~~41,018~~	~~10%~~
~~Commissions/Bonuses for Studio Manager[1]~~	~~272~~	~~424~~	~~0%~~	~~35~~	~~0%~~	~~476~~	~~0%~~
~~Payroll Taxes on Studio Manager[1]~~	~~4,650~~	~~4,408~~	~~1%~~	~~5,244~~	~~1%~~	~~4,002~~	~~1%~~
~~Employee Benefits for Studio Manager[1]~~	~~3,640~~	~~6,567~~	~~1%~~	~~1,759~~	~~0%~~	~~3,535~~	~~0%~~
~~401k Expense for Studio Manager[1,2]~~	~~1,103~~	~~806~~	~~0%~~	~~1,516~~	~~0%~~	~~783~~	~~0%~~
~~Part-Time Studio Coordinator Compensation[3]~~	~~18,403~~	~~18,403~~	~~3%~~	~~18,403~~	~~4%~~	~~18,403~~	~~4%~~
~~Payroll Taxes on Studio Coordinator[3]~~	~~1,524~~	~~1,524~~	~~0%~~	~~1,524~~	~~0%~~	~~1,524~~	~~0%~~
~~Employee Benefits for Studio Coordinator[3]~~	~~724~~	~~724~~	~~0%~~	~~724~~	~~0%~~	~~724~~	~~0%~~
~~401k Expense for Studio Coordinator[3]~~	~~388~~	~~388~~	~~0%~~	~~388~~	~~0%~~	~~388~~	~~0%~~
~~Rent[4]~~	~~59,794~~	~~59,794~~	~~8%~~	~~59,794~~	~~12%~~	~~59,794~~	~~14%~~
~~Utilities/Telephone~~	~~9,481~~	~~11,522~~	~~2%~~	~~7,543~~	~~1%~~	~~10,347~~	~~2%~~
~~Royalty Fees[5]~~	~~32,859~~	~~43,206~~	~~6%~~	~~31,111~~	~~6%~~	~~25,134~~	~~6%~~
~~Local Marketing Fees[6]~~	~~18,000~~	~~18,000~~	~~2%~~	~~18,000~~	~~3%~~	~~18,000~~	~~4%~~
~~Advertising Fund Contribution[7]~~	~~11,211~~	~~14,736~~	~~2%~~	~~10,655~~	~~2%~~	~~8,520~~	~~2%~~
~~Insurance~~	~~1,913~~	~~1,913~~	~~0%~~	~~1,913~~	~~0%~~	~~1,913~~	~~0%~~
~~Technology Fee~~	~~4,903~~	~~4,913~~	~~1%~~	~~4,880~~	~~1%~~	~~4,929~~	~~1%~~
~~Office Supplies~~	~~13,407~~	~~16,647~~	~~2%~~	~~11,886~~	~~2%~~	~~12,448~~	~~3%~~
~~Credit Card Fees~~	~~15,384~~	~~20,183~~	~~3%~~	~~14,624~~	~~3%~~	~~11,724~~	~~3%~~
~~Other[8]~~	~~3,955~~	~~4,422~~	~~1%~~	~~2,439~~	~~0%~~	~~5,763~~	~~1%~~
~~Conference[9]~~	~~550~~	~~550~~	~~0%~~	~~550~~	~~0%~~	~~550~~	~~0%~~
~~Total Adjusted Company-Owned Studio Operating Expenses~~	**~~$242,827~~**	**~~$277,668~~**	**~~39%~~**	**~~$228,169~~**	**~~44%~~**	**~~$229,974~~**	**~~55%~~**
~~Earnings Before Owner's Compensation, Interest, Taxes, Depreciation and Amortization ("EBITDA")~~	**~~$26,052~~**	**~~$79,370~~**	**~~11%~~**	**~~$26,744~~**	**~~5%~~**	**~~($28,305)~~**	**~~-7%~~**
~~Number/Percentage Exceeding~~	**~~4/57%~~**	**~~1/50%~~**	**~~N/A~~**	**~~2/67%~~**	**~~N/A~~**	**~~1/50%~~**	**~~N/A~~**

	~~Overall Average~~	~~Top 1/3 Average (2 Studios)~~	~~% of Revenue~~	~~Middle 1/3 Average (3 Studios)~~	~~% of Revenue~~	~~Bottom 1/3 Average (2 Studios)~~	~~% of Revenue~~
~~Average EBITDA~~							

~~[1] If you manage your own Waxing Studio, you would not have these expenses (or this would be owner's compensation). Likewise, if a franchisee owns 2 Waxing Studios, these expenses would be about half as much for each studio as the cost of the manager could be spread out between the 2 studios.~~

~~[2] Our company-owned Waxing Studios have 401k plans, but most of our franchisees do not have them and would not have this expense.~~

~~[3] We share Studio Coordinators (receptionists) across our company-owned Waxing Studios, and averaged the labor costs across all of these studios, giving us an average of $21,039 per studio. We allocated that amount in the chart above over base compensation, payroll taxes, benefits and a 401K contribution for a part-time studio coordinator. Your reservations will be taken by your part-time studio manager, your Cerologists, and your studio coordinator(s). We estimate your actual cost for a part-time coordinator will be between $15,000 and $35,000, depending on the number of hours they work each week and the cost of labor in your market.~~

~~[4] The actual rent incurred in our company-owned Waxing Studios ranged from $18,000 to $77,000 a year. Your actual rent will vary significantly depending on the site you lease. This amount is based on a studio having 1,823 square feet, and a total rent, including CAM, of $32.80 per square foot that we estimated in Item 7 that a typical franchisee would pay.~~

~~[5] The Franchise Agreement requires you pay a Royalty Fee equal to the greater of $100 per week and 6% of your Waxing Studio's Gross Revenues.~~

~~[6] The Franchise Agreement requires you spend $1,500 per month to promote your business. Our actual expenses for local marketing in 2021 were slightly lower.~~

~~[7] The Franchise Agreement requires you contribute 2% of your Gross Revenues to our General Advertising and Marketing Fund.~~

~~[8] This includes courier fees, dues and subscription, professional consulting fees, repairs and maintenance, Cerologist training, and miscellaneous expenses.~~

~~[9] We hold our franchise conference every other year. We estimate the costs for attendance, including travel, hotel and the conference fee, will be $1,100. The amount shown above reflects one half of this total since you would only attend every other year.~~

~~These figures were prepared without an audit. Prospective franchisees or sellers of the franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion as to the content or form.~~

~~**Some Waxing Studios have sold and earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**~~

~~**GENERAL INFORMATION APPLICABLE TO ALL OF ITEM 19**~~

Percentages were rounded to the nearest whole percent and dollar amounts to the nearest dollar.

The information disclosed in this Item 19 does not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenues information to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Waxing Studio. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.

All of these Waxing Studios~~, both franchised and company-owned,~~ offered substantially the same products and services as you are expected to offer. However, in 2023 we changed the way we determine protected territories but we do not think that change would impact the revenues of a Waxing Studio as there are no territorial limitations related to customers who may frequent your Waxing Studio.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon reasonable request.

~~Gross Revenues of a Waxing Studio or per ticket means all revenue generated by the Waxing Studio or of the ticket, but excluding bona fide refunds, credits given or allowed to customers for the return of merchandise and sales taxes collected and remitted. This is the same definition as used in the Franchise Agreement. Average Gross Revenues of the Waxing Studios is calculated by determining the total amount of Gross Revenues of the Waxing Studios in the data set for the time period in the data set and dividing that amount by the total number of Waxing Studios in the data set. Average Gross Revenues per ticket is calculated as discussed above except that the data set is made up of the tickets of all the Waxing Studios in the data set as opposed to the Waxing Studios themselves. Median Gross Revenues is the middle Gross Revenues number in the applicable data set, whether it be Gross Revenues of Waxing Studios or per ticket.~~

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting General Counsel James Goniea at 111 Weir Drive, Woodbury, Minnesota 55125, telephone (651) 438-5000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

All of the information in the tables below is as of December 31 of the applicable year. All of the company-owned outlets disclosed in the tables below were owned by our predecessor as of the time period referenced. All of the franchised outlets disclosed in the tables below were operated under Franchise Agreements with our predecessor until the Securitization Transaction in November 2021.

Table No. 1

Systemwide Outlet Summary
For Years ~~2019-2021~~2020-2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2019~~	~~95~~	~~107~~	~~+12~~
	2020	107	108	+1
	2021	108	118	+10
	2022	118	133	+15
Company-Owned	~~2019~~	~~8~~	~~9~~	~~+1~~
	2020	9	7	-2
	2021	7	7	0
	2022	7	6	-1
Total Outlets	**~~2019~~**	**~~103~~**	**~~116~~**	**~~+13~~**
	2020	**116**	**115**	**-1**
	2021	**115**	**125**	**+10**
	2022	**125**	**139**	**+14**

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2019-2021~~2020-2022

State	Year	Number of Transfers
California	~~2019~~	~~0~~
	2020	0
	2021	1
	2022	0
Colorado	~~2019~~2020	1
	2021	0
	2022	1
Georgia	2020	~~1~~0
	2021	0
	2022	1
Iowa	~~2019~~	~~0~~
	2020	0
	2021	1
	2022	0
Illinois	~~2019~~	~~0~~
	2020	1

State	Year	Number of Transfers
	2021	0
	2022	0
Massachusetts	~~2019~~ 2020	~~0~~ 0
	2021	1
	2022	0
Minnesota	~~2019~~ 2020	~~0~~ 0
	2021	1
	2022	0
New Jersey	~~2019~~ 2020	~~0~~ 1
	2021	0
	2022	1
North Dakota	~~2019~~2020	0
	2021	1
	2022	0
Pennsylvania	2020	0
	2021	~~1~~0
	2022	1
Texas	~~2019~~2020	~~0~~1
	2021	0
	2022	2
Virginia	2020	~~1~~0
	2021	0
	2022	1
Total	~~**2019**~~ **2020**	~~**1**~~ **4**
	2021	**5**
	2022	**7**

Table No. 3

Status of Franchised Outlets
For Years ~~2019-2021~~2020-2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	~~2019~~ 2020	~~1~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	~~2019~~ 2020	~~5~~ 5	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~5~~ 5
	2021	5	1	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	6	0	0	0	0	0	6
California	~~2019~~ 2020	~~1~~ 1	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Colorado	~~2019~~ 2020	~~9~~ 8	~~0~~ 0	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~8~~ 8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
District of	~~2019~~2020	0	0	0	0	0	0	0
Columbia	~~2020~~ 2021	~~0~~ 0	~~0~~ 1	0 0		~~0~~ ~~00~~ 0	~~0~~ 0	~~0~~ 1
	2022	1	1	0	0	0	0	2
Florida	~~2019~~ 2020	~~3~~ 3	~~2~~ 0	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0	~~3~~ 3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Georgia	~~2019~~ 2020	~~1~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Hawaii	~~2019~~ 2020	~~0~~ 1	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	~~2019~~ 2020	~~3~~ 3	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~3~~ 4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Indiana	~~2019~~ 2020	~~1~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
~~Iowa~~	~~2019~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
Iowa	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	3	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Kansas	~~2019~~ 2020	~~1~~ 1	~~0~~ 0	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kentucky	~~2019~~ 2020	~~2~~ 2	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Louisiana	~~2019~~ 2020	~~4~~ 5	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	0~~5~~ ~~05~~	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Massachusetts	~~2019~~ 2020	~~4~~ 4	~~0~~ 0	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~4~~ 3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Michigan	~~2019~~ 2020	~~0~~ 0	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Minnesota	~~2019~~ 2020	~~3~~ 3	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~3~~ 3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Mississippi	~~2019~~ 2020	~~0~~ 1	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	0	~~0~~ 0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nebraska	~~2019~~ 2020	~~2~~ 2	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Nevada	~~2019~~ 2020	~~1~~ 1	0	~~00~~ ~~0~~ 1	~~0~~ ~~0~~	0 0	~~0~~ 0	~~1~~ 0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Jersey	~~2019~~ 2020	~~8~~ 9	~~1~~ 0	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~9~~ 8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
New Mexico	~~2019~~ 2020	~~2~~ 3	~~1~~ 0	~~0~~ 0	0 ~~0003~~	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
New York	~~2019~~ 2020	~~2~~ 2	~~0~~ 0	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	~~2019~~2020	~~3~~7	~~4~~0	0	0	0	0	7
	~~2020~~ 2021	~~7~~ 7	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~7~~ 7
	2022	7	0	0	0	0	0	7
North Dakota	~~2019~~2020	2	~~0~~1	0	0	0	0	~~2~~3
	~~2020~~2021	~~2~~3	~~1~~0	0	0	0	0	3
	~~2021~~2022	3	0	0	0	0	0	3
Oklahoma	~~2019~~ 2020	~~1~~ 2	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Pennsylvania	~~2019~~ 2020	~~4~~ 4	~~1~~ 1	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~4~~ 5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
South Carolina	~~2019~~2020	2	~~0~~1	0	0	0	0	~~2~~3
	~~2020~~ 2021	~~2~~ 3	~~1~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~3~~ 4
	2022	4	1	0	0	0	0	5
South Dakota	~~2019~~ 2020	~~1~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Tennessee	~~2019~~ 2020	~~1~~ 2	~~1~~ 0	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
~~Texas~~	~~2019~~	~~16~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~19~~
Texas	2020	19	2	1	0	0	0	20
	2021	20	3	0	0	0	0	23
	2022	23	2	0	0	0	0	25
~~Utah~~	~~2019~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	~~2019~~ 2020	~~3~~ 3	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~3~~ 3
	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
Washington	~~2019~~ 2020	~~4~~ 4	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~4~~ 4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Wisconsin	~~2019~~ 2020	~~2~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0	~~0~~ 0	~~1~~ 1
	2021	1	0	0	~~0~~	00	0	1
~~**Total**~~	~~2019~~2022	~~95~~1	1	~~173~~ 0	0	~~1~~0	~~1~~0	~~107~~2
Total	**2020**	**107**	**9**	**8**	**0**	**0**	**0**	**108**
	2021	**108**	**11**	**1**	**0**	**0**	**0**	**118**
	2022	**118**	**15**	**0**	**0**	**0**	**0**	**133**

Table No. 4

Status of Company-Owned Outlets
For Years ~~2019-2021~~2020-2022 (Note 1)

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	~~2019~~	~~8~~	~~0~~	~~0~~	~~0~~	~~0~~	~~8~~
	2020	8	0	0	2	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	1	0	5

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Wisconsin	~~2019~~	~~0~~	~~0~~	~~1~~	~~0~~	~~0~~	~~1~~
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total Outlets	**~~2019~~**	**~~8~~**	**~~0~~**	**~~1~~**	**~~0~~**	**~~0~~**	**~~9~~**
	2020	**9**	**0**	**0**	**2**	**0**	**7**
	2021	**7**	**0**	**0**	**0**	**0**	**7**
	2022	**7**	**0**	**0**	**1**	**0**	**6**

Note 1. WCWLLC intends to sell these company-owned studios in 2023.

Table No. 5

Projected Openings as of December 31, ~~2021~~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
Alabama	~~1~~0	~~1-2~~0-2	0-2
Arizona	0	0-2	0-2
California	~~1~~2	~~1-2~~2-4	0-2
Colorado	2	~~1-2~~2-4	0-2
Delaware	1	1-2	0-2
District of Columbia	~~1~~0	~~1-2~~0-2	0-2
Florida	1	1-2	0-2
Georgia	~~2~~1	1-2	0-2
Hawaii	1	1-2	0-2
Illinois	1	1-2	0-2
Indiana	1	1-2	0-2
Iowa	~~2~~0	~~1-2~~0-2	0-2
Kentucky	0	0-2	0-2
Louisiana	1	1-2	0-2
Maryland	~~0~~1	~~0-1~~1-2	0-2
Massachusetts	1	1-2	0-2
Michigan	~~1~~0	~~1-2~~0-2	0-2
Minnesota	~~0~~1	~~0-2~~1-4	0-2
Mississippi	0	0-2	0-2
Nebraska	1	1-2	0-2
Nevada	0	0-2	0-2
New Jersey	~~0~~3	~~0-2~~2-4	0-2
New Mexico	~~2~~1	1-2	0-2
New York	~~1~~0	~~1-2~~0-2	0-2
North Carolina	~~3~~2	~~1-3~~2-4	0-2

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
North Dakota	0	0-2	0-2
Oklahoma	1	1-2	0-2
Oregon	0	0-2	0-2
Pennsylvania	1	1-2	0-2
South Carolina	~~1~~0	~~1-2~~0-2	0-2
South Dakota	0	0-2	0-2
Tennessee	~~3~~2	~~1-3~~2-4	0-2
Texas	~~10~~17	~~2-4~~8-10	0-2
Utah	0	0-2	0-2
Virginia	~~0~~1	~~0-2~~1-2	0-2
Washington	~~3~~2	~~1-3~~2-4	0-2
West Virginia	0	0-2	0-2
Wisconsin	~~1~~2	~~1-2~~2-4	0-2
Total	**~~43~~47**	**~~25-78~~37-100**	**0-2**

The name of each of our current franchisees and the address and telephone number of each of their outlets is listed in Exhibit C. A list of franchisees that left the system during ~~2021~~2022 is also included in Exhibit C. There are ~~13~~18 franchisees on this list.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Some franchisees have signed confidentiality agreements with our predecessor during the last three years. In some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with the Waxing the City franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have formed a Franchise Advisory Council that consists of franchisees within our system with whom we consult on various aspects of our system. This is not a formal entity, and it does not have a telephone number, street address, email address, or website. The members of our Franchise Advisory Council are simply franchisees who communicate with each other by telephone and email, and who attend telephone and in-person meetings with our staff. No independent franchisee association has asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached at Exhibit D is the audited financial statements of our affiliate SEB Franchising Guarantor LLC (**"SFG"**), as of December 31, 2022 and 2021. SFG guarantees our performance under the Franchise Agreement and other related documents. A copy of the guaranty of SFG is attached at Exhibit D.

As reflected in Item 1, Anytime Fitness, LLC will be providing required support and services to franchisees under a management agreement with us. Attached at Exhibit D are the audited financial statements of Anytime Fitness, LLC for the fiscal years ended December 31, ~~2019~~2020, December 31, ~~2020~~2021 and December 31, ~~2021~~2022. These financial statements are being provided for disclosure purposes only. Anytime Fitness, LLC is not a party to the Franchise Agreement, Area Development

Agreement or any other agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement or Area Development Agreement we sign with franchisees.

Also attached at Exhibit D are the unaudited Balance Sheets and Income Statements of SFG and Anytime Fitness, LLC as of, and for the period ended, February 28, ~~2022. 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 AN OPINION WITH REGARD TO THE CONTENT OR FORM~~2023.

ITEM 22
CONTRACTS

A copy of the Franchise Agreement, Franchise Agreement Guaranty, and General Release is attached as Exhibit E.

~~Exhibit F is a Charitable Contribution Addendum that we offer to all franchisees, which allows them to be designated as a participant in our charitable contribution program.~~

A copy of the Area Development Agreement and Development Agreement Guaranty is attached as Exhibit ~~G~~F.

Exhibit ~~I~~H includes forms of financing documents for financing we or our affiliates provide or that we have arranged.

Exhibit ~~J~~I is the ProVision Services Agreement.

Exhibit ~~K is an optional Re-Sale Assistance Agreement we currently offer to franchisees seeking our assistance in the sale of their studios.~~

~~Exhibit L~~J is an Electronic Transfer of Funds Authorization.

Exhibit ~~M~~K is a Franchisee Questionnaire we require you to complete and sign before we will grant you a franchise.

ITEM 23
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

WAXING THE CITY™

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(415) 972-8559 or (866) 275-2677 (toll free)
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov (email)

Hawaii
Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
King Kalakaua Building
335 Merchant Street, Rm. 205
Honolulu, Hawaii 96813
(808) 586-2744

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

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

Maryland
Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan
Michigan Dept. of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48909
(517) 373-7117

Minnesota
Minnesota Department of Commerce
Registration and Licensing Division
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capital – ~~5~~14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 222-3048

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

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

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

Wisconsin
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way,
North Tower
Madison, Wisconsin 53705
(608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

Hawaii
Commissioner of Securities for the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
King Kalakaua Building
335 Merchant Street, Rm. 205
Honolulu, Hawaii 96813
(808) 586-2744

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

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

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan
Michigan Department of Commerce
Corporations and Securities Bureau
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 373-7117

Minnesota
Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

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

North Dakota
North Dakota Securities Commissioner
Securities Department
600 East Boulevard Avenue
State Capitol – ~~5~~14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Director
Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

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

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

Washington
Securities Administrator
Washington State Department of Financial Institutions
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way,
North Tower
Madison, Wisconsin 53705
(608) 266-8557

WAXING THE CITY™

EXHIBIT B

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EXHIBIT B

Waxing the City® Operations Manual
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WAXING THE CITY

EXHIBIT C

LIST OF CURRENT AND FORMER FRANCHISEES
as of December 31, ~~2021~~2022

(INCLUDING AREA DEVELOPMENT AGREEMENT COMMITMENTS)

EXHIBIT C

CURRENT FRANCHISEES

As of December 31, ~~2021~~2022

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
Sykes Management Group, LLC	334-350-3349	100 Apple Ave, ~~Ste~~Suite 2	Dothan	AL	36303	~~334-350-3349~~		
~~Albert Ilkington and Jacqueline Costly-Reviel~~		~~53 Jay Drive~~	~~Plimerville~~	~~AR~~	~~72127~~	~~304-579-5061~~	~~Projected to open in TBD, AR~~	~~*~~
Eial Katularu	480-765-2300	2875 W Ray Rd, ~~Ste~~Suite 7	Chandler	AZ	85224	~~480-765-2300~~		*
Alessandro Romaniello	623- 930-2323	18185 N 83rd Ave, Ste C111	Glendale	AZ	85308	~~623-930-2323~~		
Eial Katularu	602-264-4707	6819 N 16th St Suite 1	Phoenix	AZ	85016			*
Chandrasekhar Ganta and Sujay Honnamane	480-474-4864	4722 East Ray Rd	Phoenix	AZ	~~85382~~85044	~~408-474-4864~~		*
~~Eial Katularu~~		~~6819 N 16th St Suite 1~~	~~Phoenix~~	~~AZ~~	~~85016~~	~~602-264-4707~~		~~*~~
Eial Katularu	480-404-7101	14676 N Frank Lloyd Wright Blvd, ~~Ste~~Suite 121	Scottsdale	AZ	85260	~~480-404-7101~~		*
Jennifer Horst and Daniel Horst	480-929-9111	1804 E Southern Ave, Ste 5	Tempe	AZ	85282	~~480-929-9111~~		
Lee Corporation Investment Group	951-444-7440	2470 Tuscany St, Unit 102	Corona	CA	92881	~~951-444-7440~~		
Mughannam, Inc.	415-730-8633	74 Rovina Lane	Petaluma	CA	94952	~~415-730-8633~~	Projected to open in TBD,	

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
							~~CA~~TBD	
Reumi Enterprises, LLC	909-706-0213	10 Porto Cielo Ct	Rancho Mirage	CA	92270		Projected to open in Rancho Mirage, CA	*
WTC Growth Partners LLC	916-250-3300	5428 Crossings Dr~~, Ste 103~~	Rocklin	CA	95677	~~916-250-3300~~		
Pravasa Waxing, LLC	303-440-4343	1933 28th St, Ste 202	Boulder	CO	80301	~~303-440-4343~~		
Laura Howland, Phillip Howland, & Allyson Ford	303-663-4032	~~4991 Factory Shops Blvd, Ste 130~~308 Wilcox St	Castle Rock	CO	~~80109~~80104	~~303-663-4032~~		
~~Amy and Robert Meneses~~		~~8994 East 51st Ave~~	~~Denver~~	~~CO~~	~~80238~~	~~720-323-1417~~	~~Projected to open in TBD, CO~~	
~~Northfield Waxing Studio, LLC~~		~~9165 E Northfield Blvd, Ste 145~~	~~Denver~~	~~CO~~	~~80238~~	~~720-577-4600~~		
Pravasa Waxing, LLC	303-592-2929	1664 Market Street	Denver	CO	80202	~~303-592-2929~~		
Pravasa Waxing, LLC	303-221-0081	6760 E Chenango Ave	Denver	CO	80237	~~303-221-0081~~		
Northfield Waxing Studio, LLC	720-577-4600	9165 E Northfield Blvd, Ste 145	Denver	CO	80238			
Amy Meneses and Robert Meneses	720-323-1417	8994 East 51st Avenue	Denver	CO	80238		Projected to open in Erie, CO	
Talia Wilson	303-202-2012	7660 W Virginia Ave, Ste C	Lakewood	CO	80226	~~303-202-2012~~		
~~Brian and Amy Messer~~Bret Collier	303-799-1355	9233 Park Meadows Dr, Ste 112	Lone Tree	CO	80124	~~303-799-1355~~		
The Bille Wax Group, Inc.	303-841-2807	17051 Lincoln	Parker	CO	80134	~~303-841-2807~~		*

Name	**Telephone Number**	**Address**	**City**	**State**	**Zip**	~~**Telephone Number**~~	**Status**	**Area Development**
		Ave, Unit C						
Keith Salmon and Laura Robinson	202-335-2000	770 Park Rd NW	Washington	DC	20010	~~202-335-2000~~		
LJAS Inc.	202-335-5555	506 H St NE	Washington	DC	20002			*
Tamika Fraser	504-223-6157	27 Franklin St	Washington	DC	20002		Projected to open in TBD, GA	
GBTR Enterprise Group LLC	678-656-3275	15 Berwick Ln	Bear	DE	19701		Projected to open in Wilmington, DE	
Look Bright, LLC	407-840-2378	851 S State Rd ~~43~~434, ~~Ste~~Suite 1080	Altamonte Springs	FL	32714	~~407-840-2378~~		
~~Deepak and Sapna Kohli~~		~~9623 Macchiato Ave~~	~~Boca Raton~~	~~FL~~	~~33496~~	~~917-716-9630~~	~~Projected to open in TBD, FL~~	
USA Waxing Company	561-349-6761	5250 Town Center Circle, Ste 119	Boca Raton	FL	33486	~~561-349-6761~~		
Bloise Wax Center, LLC	973-699-7595	8475 Cooper Creek Blvd	Bradenton	FL	34201	~~973-699-7595~~		
Tanika Adams	904-563-4307	9575 Amarante Circle, Unit 6	Jacksonville	FL	32257		Projected to open in TBD, FL	*
~~Hanbrijon, Inc.~~Northern Peach Holdings LLC	470-275-5400	5250 Windward Pkwy, ~~Ste~~Suite 114	Alpharetta	GA	30004	~~470-275-5400~~		
Valiant Capital Group, LLC	404-565-2071	2250 Marietta Blvd NW, Ste 202	Atlanta	GA	30318			
T4 Legacy Inc.	478-654-5124	6011 Watson Blvd, Ste 370	Warner Robins	GA	31008			
~~Shawn Terrell, Sheldon Meeks, and Michael Cheeks~~		~~2107 Faulkner Rd NE ABV 536~~	~~Atlanta~~	~~GA~~	~~30324~~	~~678-362-5951~~	~~Projected to open in TBD, GA~~	
~~Farnicia Trotter and Tyrone~~		~~1065 Chattahoochee Dr~~	~~Bonaire~~	~~GA~~	~~31005~~	~~609-827-3992~~	~~Projected to open in TBD,~~	

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
~~Trotter~~					~~GA~~			
Island Wax, Inc.	808-439-1100	573 Kailua Rd, Ste 107	Kailua	HI	96734	~~808-439-1100~~		
Alisha Balukoff and Sam Balukoff	570-933-2833	47-854 Kamehameha HWY	Kaneohe	HI	96744	~~570-933-2833~~	Projected to open in TBD, HI	*
Nash Wax LLC	708-646-7467	1084 Celebration Drive	Aurora	IL	60504	~~708-646-7467~~	Projected to open in ~~TBD~~Elgin, IL	
CNMSF, LLC	618-650-9058	2329 Plum St	Edwardsville	IL	62025	~~618-650-9058~~		*
JDC32enterprises, Inc.	630-984-4700	193 North York Street	Elmhurst	IL	60126	~~630-984-4700~~		*
Nash Wax LLC	630-904-2929	2835 Show Pl Dr, Ste 135	Naperville	IL	60564	~~630-904-2929~~		
Waxology LLC	331-215-4929	17W681 Roosevelt Rd	Oakbrook Terrace	IL	60181	~~331-215-4929~~		
WTC-Illinois Oswego Inc.	630-554-6982	1212-1214 Douglas Rd	Oswego	IL	60543	~~630-554-6982~~		*
Fioralba Minga and Asllan Minga	260-246-8396	824 Pinehurst Drive	Fort Wayne	IN	46815	~~260-246-8396~~	Projected to open in Fort Wayne, IN	
Black Bare, LLC	317-759-2700	3855 E 96th St	Indianapolis	IN	46240	~~317-759-2700~~		
Kimberly Hoffman and Brandon Hoffman	515-348-1726	309 N Ankeny Blvd	Ankeny	IA	50023			*
Chauve, LLC	712-792-7791	23452 210th St	Carroll	IA	51401	~~712-830-0980~~	Projected to open in ~~La Vista~~Omaha, NE	*
Kimberly Hoffman and Brandon Hoffman	319-200-5306	1005 Blairs Ferry Rd	Cedar Rapids	IA	52403			*
WAXLIFE DES ~~MOINE~~MOINES METRO, LLC	515-225-4045	1300 NW 100th St, Ste 2000	Clive	IA	50325	~~515-225-4045~~		
Kimberly Hoffman	712-224-2333	3013	Sioux City	IA	51104			

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		Hamilton Blvd						
ACTA Partners, LLC	270-938-2508	2300 Gary Farms Blvd	Bowling Green	KY	42104	~~270-938-2508~~		
~~Carla and Robert Seth Vibbert~~		~~125 Peacg Blossom Lane~~	~~Bowling Green~~	~~KY~~	~~42103~~	~~806-252-2235~~	~~Projected to open in Nashville, TN~~	
William J. Curtis, Corinne M. Curtis, Johannes C. Evans, and Sharon C. Evans	859-300-3399	4084 Finn Way, ~~Ste~~Suite 110	Lexington	KY	40517	~~859-300-3399~~		*
William J. Curtis, Corinne M. Curtis, Johannes C. Evans, and Sharon C. Evans	859-900-2255	2312 Sir Barton Way, Ste D7	Lexington	KY	40509	~~859-900-2255~~		*
~~Cannon~~ Cannon and Ledet, LLC	504-592-7424	1212 S Clearview Pkwy, Ste A	Elmwood	LA	70123	~~504-592-7424~~		
Ledet Waxing, LLC	504-592-7424	1212 S. Clearview Pkwy	Elmwood	LA	70123	~~504-592-7424~~	Projected to open in Mandeville, LA	
Wax it Today, LLC	337-216-4567	4243 Ambassador Caffery Pkwy, ~~Ste~~Suite 103	Lafayette	LA	70508	~~337-216-4567~~		
Wax it Today, LLC	337-508-2222	4740 Nelson Rd, Ste 180	Lake Charles	LA	70605	~~337-508-2222~~		*
~~Ledet Waxing, LLC~~		~~225 West Harrison Ave, Ste D~~	~~New Orleans~~	~~LA~~	~~70124~~	~~504-592-7424~~		
Scot Cannon and Wesley Cannon	504-899-1500	4121 Magazine St	New Orleans	LA	70115	~~504-899-1500~~		
Ledet Waxing, LLC	504-592-7424	225 West Harrison Ave, Ste D	New Orleans	LA	70124			
WTC Victor, LLC and Marianna Clark	617-221-8999	108 Beverly St	Boston	MA	02114	~~617-221-8999~~		*
Smooth Operator MC LLC	617-945-7074	2166 Massachuset	Cambridge	MA	02140	~~617-945-7074~~		

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		ts Ave						
Treva15, LLC	774-231-0085	215 W. Central St, ~~Ste~~Suite 3	Natick	MA	01760	~~774-231-0085~~		
Marianna Clark	508-740-9393	15 Thornton Street	Winthrop	MA	02152	~~508-740-9393~~	Projected to open in Boston, MA	*
Patrick Tomina, Brian Tomina, Annette Tomina and Faraj Tomina	734-821-7300	~~1766 Golf Ridge Dr. S~~44730 Ford Rd	~~Bloomfield Hills~~Canton	MI	~~48302~~48187	~~248-866-4522~~	~~Projected to open in Bloomfield Township, MI~~	*
Patrick Tomina, Brian Tomina, Annette Tomina and Faraj Tomina	248-377-8277	~~44730 Ford Rd~~6915 Orchard Lake Rd	~~Canton~~West Bloomfield Township	MI	~~48187~~48322	~~734-821-7300~~		*
Meadow Lawn Partners, LLC	218-624-9298	1030 Woodland Ave	Duluth	MN	55803	~~218-624-9298~~		*
The Waxing Studio Mankato, LLC	605-906-2273	1933 Lexington Lane	North Mankato	MN	56003		Projected to open in Mankato, MN	
Smooth Operator, LLC	651-439-3201	5951 Norwich Ave N	Oak Park Heights	MN	55082	~~651-439-3201~~		*
KL Studios L.L.C.	320-287-9298	2822 W Division St, Ste 114	St. Cloud	MN	56301	~~320-287-9298~~		*
Jason Jordan and Ashley Jordan	651-341-2262	3538 Osgood Circle N	Stillwater	MN	55082	~~651-341-2262~~	Projected to open in Hudson, WI	*
Vikram Malhotra	601-488-8110	111 Colony Crossing	Madison	MS	39110	~~601-488-8110~~		
Chandni Patel	870-718-5144	6412 Crumpler Blvd	Olive Branch	MS	38654		Projected to open in TBD, TBD	
Smooth Solutions, LLC	402-916-9153	1405 S 204th St,	Elkhorn	NE	68130	~~402-916-9153~~		

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		~~Ste~~Suite 102						
Chauve, LLC	402-502-1857	8373 Barmettler Dr	La Vista	NE	68128			*
Chauve, LLC	402-614-6545	3201 Farnam St, Ste 6105	Omaha	NE	68131	~~402-614-6545~~		*
Wax On Wax Off of NJ LLC	908-379-8137	301 Central Avenue, Ste 2	Clark	NJ	07066	~~908-379-8137~~		*
WTC of Franklin Lakes LLC	201-560-9700	794 Franklin Ave	Franklin Lakes	NJ	07417	~~201-560-9700~~		
~~Allegria Corp~~NADOO HAROO LLC	973-845-9700	25 Main St	Madison	NJ	07940	~~973-845-9700~~		
Wax On Wax Off of Manalapan LLC	732-698-8399	357 U.S. 9 South	Manalapan	NJ	07726	~~732-698-8399~~		*
ARI Ventures Corporation	973-841-7979	652 Bloomfield Ave	Montclair	NJ	07042	~~973-841-7979~~		*
Triple M Salons, LLC	609-920-6422	3535 US Highway 1, MarketFair Mall	Princeton	NJ	08540	~~609-920-6422~~		
Red Bank WTC LLC	732-481-0077	80 Broad St, Unit 17	Red Bank	NJ	07701	~~732-481-0077~~		
MEGA Esthetics LLC	973-989-1000	343 Mt Hope Ave	Rockaway	NJ	07840	~~973-989-1000~~		*
Wax On Wax Off of NJ LLC	609-508-6098	1055 Lowden Ave	Union	NJ	07083		Projected to open in TBD, NJ	*
Wax On Wax Off of NJ LLC	609-508-6098	1055 Lowden Ave	Union	NJ	07083		Projected to open in TBD, NJ	*
Wax On Wax Off of NJ LLC	609-508-6098	1055 Lowden Ave	Union	NJ	07083		Projected to open in TBD, NJ	*
A and C Ventures, LLC	505-585-0100	901 Rio Grande Blvd NW Suite C-130	Albuquerque	NM	87104	~~505-585-0100~~		*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
A and C Ventures, LLC	505-312-4501	6400 Holly Ave NE, Ste C	Albuquerque	NM	87113	~~505-312-4501~~		*
A and C Ventures, LLC	919-740-3259	6505 Meoqui Court NW	Albuquerque	NM	87107	~~919-740-3259~~	Projected to open in Albuquerque, NM	*
Martin LeBrun and Fernando Ibarra	281-610-7056	1101 Callaway Drive, #2006	Carlsbad	NM	88220	~~281-610-7056~~	Projected to open in ~~Cruces~~El Paso, ~~NM~~TX	
Martin LeBrun and Fernando Ibarra	281-610-7056	1101 Callaway Drive, #2006	Carlsbad	NM	88220		Projected to open in TBD, TX	
Martin Lebrun and Fernando Ibarra	575-706-1022	4660 Sonoma Ranch Blvd	Las Cruces	NM	88011			
Wuzzafuzzy, LLC	505-474-2994	4386 Rodeo Rd	Santa Fe	NM	87505	~~505-474-2994~~		
~~Jessica Silverstein & Vincent Pasqua~~		~~190 Bermuda Street~~	~~Atlantic Beach~~	~~NY~~	~~11509~~	~~917-573-0561~~	~~Projected to open in TBD, NY~~	~~*~~
Jessica Silverstein & Vincent Pasqua	516-874-3800	191 Seventh St	Garden City	NY	11530	~~516-874-3800~~		*
~~La Cire Waxing Spa, LLC~~		~~PO Box 1058~~	~~Apex~~	~~NC~~	~~27502~~	~~269-743-9732~~	~~Projected to open in Durham, NC~~	
La Cire Waxing Spa, LLC	269-743-9732	PO Box 1058	Apex	NC	27502	~~269-743-9732~~	Projected to open in Garner, NC	*
La Cire Waxing Spa, LLC	269-743-9732	PO Box 1058	Apex	NC	27502		Projected to open in Durham, NC	
La Cire Waxing Spa, LLC	919-439-0386	1214 Parkside Main St	Cary	NC	27519	~~919-439-0386~~		*
La Cire Waxing Spa, LLC	984-528-3200	1800 E. Franklin St, ~~Ste~~Suite 27	Chapel Hill	NC	27514	~~984-528-3200~~		*
William Cole	336-337-1064	1603 Highwoods	Greensboro	NC	27410	~~336-337-1064~~		*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		Blvd						
~~William Cole~~		~~4105 Bitternut Trail~~	~~Greensboro~~	~~NC~~	~~27410~~	~~336-337-1064~~	~~Projected to open in TBD, NC~~	~~*~~
GLZ3, LLC	704-992-8288	15425 Hodges Cir	Huntersville	NC	28078	~~704-992-8288~~		*
Beyond the Wax, LLC	919-381-4825	4205 Corners Pkwy, Ste 120	Raleigh	NC	27617	~~919-381-4825~~		*
Beyond the Wax, LLC	919-322-5022	1111 Mercantile Drive, Ste 120	Raleigh	NC	27609	~~919-322-5022~~		*
La Cire Waxing Spa, LLC	910-361-2961	1407 Barclay Pointe Blvd, Ste 404	Wilmington	NC	28412	~~910-361-2961~~		*
Dorothy Faye, LLC	701-478-6600	4302 13th Ave S	Fargo	ND	58103	~~701-478-6600~~		
Bare Extremities LLC	701-757-0453	3251 32nd Ave S, Ste B	Grand Forks	ND	58201	~~701-757-0453~~		
2 Bee Smooth, LLC	701-839-2929	305 20th Ave SW	Minot	ND	58701	~~701-839-2929~~		
Shri Radha, LLC	405-300-4314	1301 I-35 Service Rd	Moore	OK	73160	~~405-300-4314~~		*
Sisters on Wax, LLC	405-832-0929	5801 N May Ave	Oklahoma CIty	OK	73112			
Shri Radha, LLC	405-274-5000	14112 Cadorna Strada	Oklahoma City	OK	73170	~~405-274-5000~~	Projected to open in Oklahoma City, OK	*
~~Sisters on Wax, LLC~~		~~5801 N May Ave~~	~~Oklahoma CIty~~	~~OK~~	~~73112~~	~~405-832-0929~~		
Sara Bassett	918-609-6511	9021 N 121st E Ave, Ste 300A	Owasso	OK	74055	~~918-609-6511~~		*
~~Smooth City, LLC~~		~~1109 NE Prescott St~~	~~Portland~~	~~OR~~	~~97211~~	~~916-538-1429~~	~~Projected to open in Vancouver, WA~~	

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
Smooth Happens - Doylestown, LLC	267-824-2911	414 North Main St	Doylestown	PA	18901	~~267-824-2911~~		*
Smooth Happens - Doylestown, LLC	267-921-0810	1087 Market St	Dresher	PA	19025	~~267-921-0810~~		*
~~I-Mat Industries,~~Stubble No More LLC	484-322-5213	258 W Dekalb Pike	King of Prussia	PA	19406	~~484-322-5213~~		
Smooth Happens - Doylestown, LLC	267-652-0002	1460 Bethlehem Pike	North Wales	PA	19454	~~267-652-0002~~		*
Megan Sweitzer	215-821-8360	9475 Roosevelt Blvd	Philadelphia	PA	19114	~~215-821-8360~~		*
BB Wax, LLC	724-222-1340	20 Old Mill Blvd	Washington	PA	15301	~~724-222-1340~~		
Megan Sweitzer	267-245-2668	66 W College Ave	Yardley	PA	19067	~~267-245-2668~~	Projected to open in TBD, PA	*
~~Karen Ingram~~		~~4711 Forest Park Dr~~	~~Columbia~~	~~SC~~	~~29206~~	~~803-708-0017~~		
Karen Ingram	803-781-2727	1150 Bower Pkwy	Columbia	SC	29212	~~803-781-2727~~		
Karen Ingram	803-708-0017	4711 Forest Dr, Ste 9	Columbia	SC	29206			
Waxing Charleston, LLC	843-207-4095	905 Houston Northcutt Blvd, ~~Ste~~Suite 100	Mount Pleasant	SC	29464	~~843-207-4095~~		*
~~Carol and Danielle Henderson~~		~~683 Riverward Dr~~	~~Myrtle Beach~~	~~SC~~	~~29588~~	~~917-716-9630~~	~~Projected to open in Myrtle Beach, SC~~	
Waxing Myrtle Beach DD, LLC	843-213-1881	811 82nd Parkway	Myrtle Beach	SC	29572	~~843-213-1881~~		
Carol Henderson and Danielle Henderson	843-282-9242	965 Wood Duck Dr, Ste 102	Myrtle Beach	SC	29577			
~~Kimberly Hoffman~~		~~607 S Highline Pl~~	~~Sioux Falls~~	~~SD~~	~~57110~~	~~605-271-0930~~		
Kimberly Hoffman	605-929-8258	4807 S	Sioux Falls	SD	57106	~~605-929-825~~		*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		Louise Ave				~~8~~		
Kimberly Hoffman	605-271-0930	607 S Highline Pl	Sioux Falls	SD	57110			
~~Kimberly and Brandon Hoffman~~		~~2613 S Purdue Ave~~	~~Sioux Falls~~	~~SD~~	~~57106~~	~~605-553-7534~~	~~Projected to open in Cedar Rapids, IA~~	~~*~~
~~Kimberly and Brandon Hoffman~~		~~2613 S Purdue Ave~~	~~Sioux Falls~~	~~SD~~	~~57106~~	~~605-553-7534~~	~~Projected to open in Sioux Falls, SD~~	
Kylie Eaton, Allyssa Lind, ~~and~~ Mari Linfoot and Gary Linfoot	615-649-8507	2981 Port Royal Rd	Adams	TN	37010	~~931-801-6557~~	Projected to open in ~~TBD~~Nashville, TN	*
Darrell Evans, Sonya Evans, Richard Norton and Lauralie Norton	931-361-0620	920 US Highway 76, Unit 40	Clarksville	TN	37043	~~931-361-0620~~		
Esteemed LLC	615-461-7064	2071 Nashville Pike	Gallatin	TN	37066			
James Andrews	901-409-3515	294 Greenway rd	Memphis	TN	38117	~~901-409-3515~~	Projected to open in ~~Germantown~~TBD, TN	*
Robert Gates	615-988-9098	2109 Abbott Martin Rd	Nashville	TN	37215	~~615-988-9098~~		
MKC Unlimited, LLC	806-367-6600	3562 South Soncy Rd, ~~Ste~~Suite 481	Amarillo	TX	79119	~~806-367-6600~~		*
MKC Unlimited, LLC	806-252-2235	7904 New England Pkwy	Amarillo	TX	79119	~~775-335-9446~~	Projected to open in ~~Abilene~~Lubbock, TX	*
MKC Unlimited, LLC	775-335-9446	7904 New England Pkwy	Amarillo	TX	79119		Projected to open in Abilene, TX	*
MKC Unlimited, LLC	775-335-9446	7904 New England Pkwy	Amarillo	TX	79119		Projected to open in Midland, TX	*
MKC Unlimited, LLC	775-335-9446	7904 New England	Amarillo	TX	79119		Projected to open in	*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		Pkwy					Odessa, TX	
Nikolas Hicks, James Parker & Lorrie Baggs	806-570-1008	6107 Blue Sage Circle	Amarillo	TX	79124	~~806-570-1008~~	Projected to open in San Antonio, TX	*
Dharmesh Patel and Mitul Patel	650-207-5121	10630 Ivalenes Hope Dr	Austin	TX	78717	~~650-207-5121~~	Projected to open in Dallas, TX	*
Central Texas Waxing LLC	512-986-7347	5001 183A Frontage Rd, Ste L-300	Cedar Park	TX	78613			
~~Dharmesh and Mitul Patel~~		~~10630 Ivalenes Hope Dr~~	~~Austin~~	~~TX~~	~~78717~~	~~650-207-5121~~	~~Projected to open in TBD, TX~~	
Ceriously Smooth-College Station, LLC	972-333-7271	1208 Quarry Oaks Dr	College Station	TX	~~77845~~77845-1002	~~972-333-7271~~	Projected to open in College Station, TX	*
40 Toes LLC	214-945-8899	106 N Denton Tap Rd, Ste 200	Coppell	TX	75019	~~214-945-8899~~		*
Shalindra Bhakta and Purvi Bhakta	832-331-4936	17203 Timber Cliff Ct	Cypress	TX	77429		Projected to open in TBD, TX	*
DFW Waxing Studios, LLC	214-265-0121	6131 Luther Ln, Ste 214	Dallas	TX	75225	~~214-265-0121~~		
~~DFW Waxing Studios,~~Three Bald Dudes LLC	214-295-6938	~~7825~~7865 Firefall Way, Ste F-120	Dallas	TX	75230	~~214-295-6938~~		*
Raging Bull Capital, LLC	915-760-6868	6801 N Mesa St, Bldg A	El Paso	TX	79912			*
Martin Lebrun and Fernando Ibarra	915-496-7166	12040 Tierra Este Rd, Ste 203-204	~~El~~EL Paso	TX	79938	~~915-496-7166~~		*
Martin Lebrun and Fernando Ibarra	915-412-2470	8889 Gateway Blvd W, Ste. 2810	El Paso	TX	79925	~~915-412-2470~~		*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
~~Raging Bull Capital, LLC~~		~~6801 N Mesa St, Bldg A~~	~~El Paso~~	~~TX~~	~~79912~~	~~915-760-6868~~		~~*~~
Heavenly Smooth, LLC	817-562-8900	5701 N Tarrant Pkwy, Ste 125	Fort Worth	TX	76137	~~817-562-8900~~		*
DA Neil I, LLC	214-618-4929	9320 N Dallas Pkwy, ~~Ste~~Suite 150	Frisco	TX	75033	~~214-618-4929~~		
Manna Ventures, LLC	972-347-9790	1555 University Dr~~.~~, Ste 600	Frisco	TX	75033	~~972-347-9790~~		*
~~Susan Manza~~Madmoose LLC	817-944-6980	4337 Aspen Court N	Haltom City	TX	76137	~~817-944-6980~~	Projected to open in ~~TBD~~Euless, TX	
Jason Pillai	713-559-0768	14620 Memorial Dr	Houston	TX	77079	~~713-559-0768~~		*
NARSDesai, LLC	832-623-5546	1615 Mayde Park Lane	Houston	TX	77084		Projected to open in Cypress, TX	*
NARSDesai, LLC	832-623-5546	1615 Mayde Park Lane	Houston	TX	77084		Projected to open in TBD, TX	
Heavenly Smooth, LLC	972-685-5286	5224 N O'Connor Blvd, Ste 110	Irving	TX	75039	~~972-685-5286~~		*
CTTN, LLC	281-303-5513	4747 FM 1463, Ste ~~600~~103	Katy	TX	77494	~~281-303-5513~~		
K&E Services, Inc.	907-350-3706	4506 Summits Edge Ln	Katy	TX	77494	~~907-350-3706~~	Projected to open in ~~Seattle~~TBD, WA	*
K&E Services, Inc.	907-350-3706	4506 Summits	Katy	TX	77494	~~907-350-3706~~	Projected to open in	*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		Edge Ln					~~Seattle~~TBD, WA	
~~Beam Management~~MKC Unlimited, LLC	806-701-2790	10305 Quaker Ave, Ste 800	Lubbock	TX	79424	~~806-701-2790~~		*
~~Beam Management, LLC~~		~~4818 119th place~~	~~Lubbock~~	~~TX~~	~~79424~~	~~806-252-2235~~	~~Projected to open in Lubbock, TX~~	~~*~~
Manna Ventures, LLC	469 500 5695	3009 S Custer Rd, Ste 200	McKinney	TX	75070	~~469 500 5695~~		*
~~Tamekia McNairy~~		~~7201 S Custer Rd, #3105~~	~~McKinney~~	~~TX~~	~~75070~~	~~214-732-1618~~	~~Projected to open in Wylie, TX~~	
Tamekia McNairy	214-732-1618	7201 S Custer Rd, #3105	~~McKinney~~ Mckinney	TX	75070	~~214-732-1618~~	Projected to open in TBD, CO	
Devilishly Smooth LLC	618-771-0203	7005 Green Ridge Trail	North Richland Hills	TX	76182		Projected to open in Grand Prairie, TX	*
Dharmesh Patel and Mitul Patel	512-525-8425	18817 Limestone Commercial Dr, Ste 300	Pflugerville	TX	78660	~~512-525-8425~~		*
Manna Ventures, LLC	972-838-7647	8420 High Meadows Dr	Plano	TX	75025	~~972-838-7647~~	Projected to open in Allen, TX	*
Manna Ventures, LLC	972-838-7647	8420 High Meadows Dr	Plano	TX	75025	~~972-838-7647~~	Projected to open in Flower ~~Mount~~Mound, TX	*
Nikolas Hicks, James Parker ~~and~~& Lorrie Baggs	210-494-2026	427 N Loop 1604 W, Ste 207	San Antonio	TX	78232	~~210-494-2026~~		*
Nikolas Hicks, James Parker ~~and~~& Lorrie Baggs	210-994-7694	999 E. Basse Rd, Ste 176	San Antonio	TX	78209	~~210-994-7694~~		*
Nikolas Hicks, James Parker and Lorrie Baggs	210-690-9100	17038 Fiesta Texas	San Antonio	TX	78256	~~210-690-9100~~		*

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		Dr, Ste 104						
DFW Waxing Studios, LLC	817-912-5876	343 N Carroll Ave	Southlake	TX	76092	~~817-912-5876~~		*
NARSDesai, LLC	832-761-7206	6630 Spring Stuebner Rd, Ste 510	Spring	TX	77389	~~832-761-7206~~		*
Tessa Benson and Daniel Benson	832-409-8847	17914 Russwood Ct	Spring	TX	77379		Projected to open in Houston, TX	*
Novell Brands, LLC	832-535-2307	17428 W Grand Pkwy S	Sugar Land	TX	~~77021~~77479	~~832-535-2307~~		*
MKC Unlimited, LLC	940-557-5677	3916 Kemp Blvd	Wichita Falls	TX	~~79308~~76308	~~940-557-5677~~		*
Tamekia McNairy	469-663-6362	3400 Farm to Market Rd 544	Wylie	TX	75098			
Allyson Ford and Brett Ford	801-447-9550	150 N Central Ave	Farmington	UT	84025	~~801-447-9550~~		
LJAS Inc.	703-548-8888	2727 Mount Vernon Ave, Unit D1	Alexandria	VA	22301	~~703-548-8888~~		*
~~LJAS Inc.~~Scouts LLC	757-508-9890	~~2111 Jefferson Davis Hwy, Unit 101~~3381 Nansemond River Dr	~~Alexandria~~ Suffolk	VA	~~22301~~23435	~~202-335-5555~~	Projected to open in ~~Washington~~ TBD, ~~DC~~VA	~~*~~
~~Five Bridges Management,~~Smooth Operator VB LLC	757-716-4522	1554 Laskin Rd, ~~Ste~~Suite 106	Virginia Beach	VA	23451	~~757-716-4522~~		*
Waxing The Eastside, LLC	425-270-1700	755 NW Gilman Blvd	Issaquah	WA	98027	~~425-270-1700~~		*
Marked Improvement III, LLC	425-297-2000	11515 124th Ave NE	Kirkland	WA	98034	~~425-297-2000~~		
Rachael Taylor and Randy Taylor	253-446-6906	10306 156th St E,	Puyallup	WA	98374	~~253-446-6906~~		

Name	Telephone Number	Address	City	State	Zip	~~Telephone Number~~	Status	Area Development
		~~Ste~~Suite 105						
K&E Services, Inc.	206-330-0450	1545 NW Market Street	Seattle	WA	98107	~~206-330-0450~~		*
Smooth City, LLC	360-693-8764	104 Grand Blvd	Vancouver	WA	98661			
David Zielke and Stacy Zielke	608-332-9391	410 Meadow Crest Trl	Cottage Grove	WI	53527		Projected to open in Madison, WI	*
David Zielke and Stacy Zielke	608-318-5655	2812 Prairie Lakes Dr, Ste 104	Sun Prairie	WI	53590	~~608-318-5655~~		*
Now and Jen, LLC	262-349-1454	1660 E Main St	Waukesha	WI	53186			*

* Outlet opened under Area Development Agreement

~~* Outlet opened under Area Development Agreement.~~

FORMER FRANCHISEES

~~Name~~	~~City~~	~~State~~	~~Telephone Number~~	~~Transfer~~
~~4Moore, LLC~~	~~Newcastle~~	~~CA~~	~~916-955-6916~~	~~*~~
~~Virginia Kelley and Christopher Gilbert~~	~~Truckee~~	~~CA~~	~~415-686-2618~~	
~~Muayad Musleh~~	~~Crown Point~~	~~IN~~	~~219-765-5575~~	
~~Waxing Iowa Corp.~~	~~Des Moines~~	~~IA~~	~~515-238-8469~~	~~*~~
~~Waxing Studio Boston, LLC~~	~~Newton~~	~~MA~~	~~786-208-8995~~	~~*~~
~~Meadow Lawn Partners LLC~~	~~Duluth~~	~~MN~~	~~218-464-3942~~	~~*~~
~~Wax on Wax Off, Inc.~~	~~Woodbury~~	~~MN~~	~~651-212-0305~~	~~*~~
~~Sejin Holdings Incorporated~~	~~Sparks~~	~~NV~~	~~623-332-3032~~	
~~Piper Jak LLC~~	~~Basking Ridge~~	~~NJ~~	~~908-334-2474~~	
~~GLZ3, LLC~~	~~Belmont~~	~~NC~~	~~704-607-4082~~	
~~Jason Pillai~~	~~Houston~~	~~TX~~	~~281-772-0106~~	
~~Cerandipity, LLC~~	~~Leesburg~~	~~VA~~	~~571-337-2416~~	
~~Five Bridges Management, LLC~~	~~Virginia Beach~~	~~VA~~	~~757-633-5458~~	

Name	City	State	Telephone Number
Albert Pilkington and Jacqueline Costley-Reviel	Plumerville	AR	304-579-5061**
Albert Pilkington and Jacqueline Costley-Reviel	Plumerville	AR	304-579-5061**
Eial Katularu	Glendale	AZ	480-404-7101**
Eial Katularu	Glendale	AZ	480-404-7101**
Eial Katularu	Glendale	AZ	480-404-7101**
Eial Katularu	Glendale	AZ	480-404-7101**
Eial Katularu	Glendale	AZ	480-404-7101**
Eial Katularu	Glendale	AZ	480-404-7101**
Deepak Kohli and Sapna Kohli	Boca Raton	FL	516-680-2832**
Hanbrijon, Inc.	Cumming	GA	770-480-4101*
CNMSF, LLC	Edwardsville	IL	618-567-2351**
JDC32enterprises, Inc.	Hinsdale	IL	630-484-4289**
Delano Hill	Grosse Pointe	MI	313-971-9640**
Delano Hill	Grosse Pointe	MI	313-971-9640**
William Cole	Greensboro	NC	336-337-1064**
William Cole	Greensboro	NC	336-337-1064**
William Cole	Greensboro	NC	336-337-1064**
William Cole	Greensboro	NC	336-337-1064**

Beyond the Wax, LLC	Raleigh	NC	252-646-2362**
Allegria Corp	Florham Park	NJ	305-975-3807*
Jessica Silverstein & Vincent Pasqua	Atlantic Beach	NY	917-573-0561**
I-Mat Industries, LLC	Wexford	PA	215-375-5670*
James Andrews	Memphis	TN	901-409-3515**
James Andrews	Memphis	TN	901-409-3515**
40 Toes LLC	Coppell	TX	972-345-7998**
40 Toes LLC	Coppell	TX	972-345-7998**
Beam Management, LLC	Lubbock	TX	806-252-2235*
Brian and Amy Messer	Lubbock	TX	806-252-2235*
DFW Waxing Studios, LLC	Southlake	TX	214-668-8941*
Five Bridges Management, LLC	Virginia Beach	VA	757-633-5458*

* Transfer
** Termination of unopened territory.

Some of these franchisees may be operating other Waxing the City studios. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

REPLACED IN ENTIRETY

EXHIBIT D

FINANCIAL STATEMENTS AND GUARANTY

GUARANTEE OF PERFORMANCE

For value received, **SEB Franchising Guarantor LLC**, a Delaware limited liability company (the "Guarantor"), located at 111 Weir Drive, Woodbury, Minnesota 55125, absolutely and unconditionally guarantees to assume the duties and obligations of **Waxing the City Franchisor LLC**, located at 111 Weir Drive, Woodbury, Minnesota 55125 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement and Area Development Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement and Area Development Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement and Area Development Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement and Area Development Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Woodbury, Minnesota, on the 17th day of April, 2023.

GUARANTOR:

SEB FRANCHISING GUARANTOR LLC

By:____________________________
James Goniea
Its: Secretary

4891-2094-8039, v. 1

SEB FRANCHISING GUARANTOR LLC

FINANCIAL STATEMENTS

December 31, 2022 and 2021

SEB FRANCHISING GUARANTOR LLC
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INDEPENDENT AUDITOR'S REPORT

To the Member
SEB Franchising Guarantor LLC
Woodbury, Minnesota

Opinion

We have audited the accompanying financial statements of SEB Franchising Guarantor LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income (loss), member's equity, and cash flows for the year ended December 31, 2022 and the period from inception (October 29, 2021) to December 31, 2021, 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 SEB Franchising Guarantor LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended 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. 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 SEB Franchising Guarantor 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 SEB Franchising Guarantor LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits of 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 SEB Franchising Guarantor 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 SEB Franchising Guarantor 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

March 31, 2023

FINANCIAL STATEMENTS

SEB FRANCHISING GUARANTOR LLC
BALANCE SHEETS
December 31, 2022 and 2021

Statement 1

	2022	2021
Assets		
Current assets:		
Cash	$5,000,021	$5,000,021
Total assets	$5,000,021	$5,000,021
Liabilities and Member's Equity		
Member's equity	$5,000,021	$5,000,021
Total liabilities and member's equity	$5,000,021	$5,000,021

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

SEB FRANCHISING GUARANTOR LLC

STATEMENTS OF INCOME (LOSS) **Statement 2**

For The Year Ended December 31, 2022 and the Period from Inception (October 29, 2021) to December 31, 2021

	2022	2021
General and administrative expenses	$1,035	$ -
Other income:		
Interest income	249	36
Net (loss) income	($786)	$36

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

SEB FRANCHISING GUARANTOR LLC

STATEMENTS OF MEMBER'S EQUITY **Statement 3**

For The Year Ended December 31, 2022 and the Period from Inception (October 29, 2021) to December 31, 2021

	Member's Equity
Balance at October 29, 2021	$ -
Contribution	5,000,000
Distributions	(15)
Net income	36
Balance at December 31, 2021	$5,000,021
Contributions	786
Net loss	(786)
Balance at December 31, 2022	$5,000,021

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

SEB FRANCHISING GUARANTOR LLC

STATEMENTS OF CASH FLOWS **Statement 4**

For The Year Ended December 31, 2022 and the Period from Inception (October 29, 2021) to December 31, 2021

	2022	2021
Cash flows (used in) provided by operating activities:		
Net (loss) income	($786)	$36
Cash flows from financing activities:		
Contributions	786	5,000,000
Distributions paid	-	(15)
Net cash flows provided by financing activities	786	4,999,985
Increase in cash	-	5,000,021
Cash - beginning of year	5,000,021	-
Cash - end of year	$5,000,021	$5,000,021

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

Note 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

SEB Franchising Guarantor LLC (the Company) is a special purpose Delaware limited liability company and a direct, wholly-owned subsidiary of SEB Funding LLC, which is a direct, wholly-owned subsidiary of SEB SPV Guarantor LLC, which is a direct, wholly-owned subsidiary of Anytime Fitness, LLC, which is a direct, wholly-owned subsidiary of Self Esteem Brands, LLC which is a direct, wholly-owned subsidiary of Anytime Worldwide, LLC.

The Company guarantees the obligations of the franchising subsidiaries. The franchising subsidiaries include Anytime Fitness Franchisor LLC, Basecamp Fitness Franchisor LLC, The Bar Method Franchisor LLC and Waxing the City Franchisor LLC.

The activities of the Company are limited to:

- guaranteeing certain obligations of the franchising subsidiaries,
- holding the rights and obligations under certain accounts and other assets, including but not limited to any franchise capital accounts and
- entering into other transactions to which it is a party and undertaking any other activities related thereto.

The Company was formed in connection with the Self Esteem Brands, LLC's securitization transaction completed on November 24, 2021.

CASH

The Company maintains its cash in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant cash credit risk. The Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

INCOME TAXES

The Company is treated as a single member limited liability company (LLC) that is treated as a disregarded entity for tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of Anytime Worldwide, LLC.

The Company has evaluated its tax positions and related income tax under the Financial Accounting Standards Board's (FASB) authoritative guidance *Accounting for Income Taxes*. Management believes that since the Company is taxed as an LLC, there is not a significant impact on the Company as a result of implementing this standard. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements. A provision has been made, however, for state minimum fees and other state taxes which are applicable to all entities. Because the Company is an LLC, liabilities to the member is limited.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's statements of income (loss).

FAIR VALUE MEASUREMENTS

The Company follows the provisions of FASB's authoritative guidance regarding *Fair Value Measurements*. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used.

Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

The Company does not have any significant fair value measurements on a recurring or non-recurring basis for the years ended December 31, 2022 and 2021.

The carrying amount of cash approximates fair value because of the short maturity of these instruments.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management for recognition or disclosure through March 31, 2023, which is the date the financial statements were available to be issued.

Note 2 GUARANTEES

The Company established franchise capital accounts in which the Company maintains funds necessary to either provide a guarantee for franchising subsidiaries or to support any franchisor liquidity or net worth requirement, including in respect of eligibility for any exemptions applicable to franchisors or licensors of franchises under the applicable franchise laws. The Company may accept receipt of unrestricted funds credited to such franchise capital account by Anytime Fitness, LLC, deposit to the franchise capital account the proceeds of capital contributions made to such account, and disburse funds from the franchise capital account to fund any loan or advance made in accordance with the base indenture.

Note 3 CONTINGENCIES

The Company is subject to various claims, legal proceedings and investigations covering a wide range of matters that may arise in the ordinary course of business. Management believes the resolutions of claims and pending litigation will not have a material effect, individually or in the aggregate, on the financial statements of the Company.

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 AN OPINION WITH REGARD TO THE CONTENT OR FORM.

SEB FRANCHISING GUARANTOR LLC
CONSOLIDATED BALANCE SHEET
February 28, 2023

		2023
Assets		
Current assets:		
Cash	$	5,000,019
Total current assets		5,000,019
Total assets	$	5,000,019
Liabilities and member's equity		
Current liabilities:		
Accounts Payable	$	-
Total current liabilities		-
Member's equity:		
Member's equity		5,000,019
Total member's equity		5,000,019
Total liabilities and member's equity	$	5,000,019

SEB FRANCHISING GUARANTOR LLC
STATEMENT OF INCOME (LOSS)
Year to Date as of February 28, 2023

	YTD 2023
Revenues	$ -
Total revenues	-
Cost of goods sold	-
Gross profit	-
General and administrative expenses	172
Total general and administrative expenses	172
Income from operations	(172)
Other income (expense):	
Interest income	40
Total other income (expense)	40
Net income (loss)	$ (132)

ANYTIME FITNESS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022, 2021, and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Member
Anytime Fitness, LLC and Subsidiaries
Woodbury, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Anytime Fitness, LLC and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2022, 2021, and 2020, and the related consolidated statements of comprehensive income, member's equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Anytime Fitness, LLC and Subsidiaries as of December 31, 2022, 2021, and 2020, and the results of their operations and their cash flows for the years then ended 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Anytime Fitness, LLC and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 Consolidated Financial Statements

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

55 5th Street East, Suite 1400, St. Paul, MN, 55101 651.426.7000 www.redpathcpas.com

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Anytime Fitness, LLC and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Anytime Fitness, LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about of Anytime Fitness, LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

March 31, 2023

CONSOLIDATED FINANCIAL STATEMENTS

ANTIME FITNESS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current assets:			
Cash	$10,183,683	$10,464,059	$20,127,173
Restricted cash	6,450,267	5,934,932	4,956,689
Accounts receivable, net of allowance for doubtful accounts	8,119,589	9,119,178	3,312,923
Vendor rebates receivable	4,478,839	3,752,517	3,345,016
Due from related parties	496,285	435,288	6,775,015
Inventory	4,130,738	3,454,951	-
Prepaid expenses	7,431,394	5,001,563	1,737,414
Other current assets	218,030	285,978	50,683
Deferred compensation, current portion	418,796	462,841	564,460
Total current assets	41,927,621	38,911,307	40,869,373
Property and equipment, net	3,004,748	2,025,457	1,675,809
Other assets:			
Operating lease right-of-use assets	3,016,596	-	-
Note receivable - related party	-	-	6,000,000
Intangible assets, net of accumulated amortization	2,612,858	3,134,169	330,010
Software development and license costs, net of accumulated amortization	13,610,238	7,394,733	5,051,529
Goodwill	141,521	141,521	141,521
Other assets	271,255	436,814	228,650
Deferred compensation, net of current portion	1,386,564	1,418,778	1,439,440
Total other assets	21,039,032	12,526,015	13,191,150
Total assets	$65,971,401	$53,462,779	$55,736,332

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

	2022	2021	2020
Liabilities and Member's Equity (Deficit)			
Current liabilities:			
Current maturities of long-term debt	$3,637,500	$3,637,500	$ -
Current maturities of operating lease liabilities	689,695	-	-
Accounts payable	2,491,919	1,937,942	549,025
Accrued expenses and other current liabilities	1,913,794	3,543,273	1,515,470
Due to related parties	391,263	248,797	360,306
Deferred revenue, current portion	10,148,482	9,375,055	8,308,481
Deferred rent	-	358,426	606,475
Total current liabilities	19,272,653	19,100,993	11,339,757
Long-term liabilities:			
Long-term debt, net of current maturities and financing costs	473,370,876	472,843,306	-
Operating lease liabilities, net of current maturities	2,815,588	-	-
Deferred revenue, net of current portion	33,185,942	31,414,642	26,786,554
Total long-term liabilities	509,372,406	504,257,948	26,786,554
Total liabilities	528,645,059	523,358,941	38,126,311
Member's Equity (Deficit):			
Member's equity (deficit)	(462,713,004)	(469,949,633)	17,562,188
Accumulated other comprehensive income	39,346	53,471	47,833
Total member's equity (deficit)	(462,673,658)	(469,896,162)	17,610,021
Total liabilities and member's equity (deficit)	$65,971,401	$53,462,779	$55,736,332

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

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME **Statement 2**
For The Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenues:			
Franchise royalties	$58,105,429	$34,514,266	$24,108,180
Franchise fees	11,096,453	10,058,339	9,066,649
Sales	42,586,018	8,742,983	5,474,933
Advertising fund revenue	17,530,699	16,925,734	13,632,537
Vendor rebates	42,114,964	49,652,846	43,331,557
Other revenues	699,248	727,618	1,118,392
Total revenues	172,132,811	120,621,786	96,732,248
Cost of goods sold	18,553,576	3,165,526	1,108,963
Gross profit	153,579,235	117,456,260	95,623,285
General and administrative expenses	48,492,302	39,944,483	37,476,386
Advertising fund expense	16,681,618	16,788,246	11,820,739
Total general, administrative, and advertising fund expense	65,173,920	56,732,729	49,297,125
Income from operations	88,405,315	60,723,531	46,326,160
Other income (expense):			
Interest expense	(26,207,361)	(2,690,840)	(61)
Other income	10,505	2,369	199,670
Other expense	(1,497,087)	(1,048,560)	(917,243)
Gain (loss) on sale of fitness center operations	(6,440)	3,329	(21,903)
Total other income (expense), net	(27,700,383)	(3,733,702)	(739,537)
Net income	60,704,932	56,989,829	45,586,623
Other comprehensive income:			
Foreign currency translation adjustments	(14,125)	5,638	48,384
Comprehensive income	$60,690,807	$56,995,467	$45,635,007

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

ANTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY (DEFICIT)

Statement 3

For The Years Ended December 31, 2022, 2021, and 2020

	Member's Equity (Deficit)	Accumulated Other Comprehensive Income (Expense)	Total Member's Equity (Deficit)
Balance at December 31, 2019	$16,482,159	($551)	$16,481,608
Distributions	(44,506,594)	-	(44,506,594)
Net income	45,586,623	-	45,586,623
Foreign currency translation adjustments	-	48,384	48,384
Balance at December 31, 2020	17,562,188	47,833	17,610,021
Non-cash contribution from member	4,339,960	-	4,339,960
Distributions	(548,841,610)	-	(548,841,610)
Net income	56,989,829	-	56,989,829
Foreign currency translation adjustments	-	5,638	5,638
Balance at December 31, 2021	(469,949,633)	53,471	(469,896,162)
Contributions	786	-	786
Distributions	(53,469,089)	-	(53,469,089)
Net income	60,704,932	-	60,704,932
Foreign currency translation adjustments	-	(14,125)	(14,125)
Balance at December 31, 2022	($462,713,004)	$39,346	($462,673,658)

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

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS **Statement 4**
For The Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash flows from operating activities:			
Net income	$60,704,932	$56,989,829	$45,586,623
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	2,704,778	2,118,846	1,726,331
Amortization of debt issuance costs	1,740,070	181,158	-
Loss on sale of property and equipment	2,202	-	21,903
Loss (gain) on sale or closure of fitness center	4,238	(3,329)	-
Deferred rent	-	(162,193)	(9,421)
Operating lease expense	130,261	-	-
Changes in assets and liabilities:			
Restricted cash	(515,335)	(978,243)	485,358
Accounts receivable and vendor rebates receivable	273,267	(2,092,823)	(594,343)
Due from related parties	(60,997)	(8,596,399)	(7,532,473)
Deferred compensation	76,259	122,281	137,460
Inventory	(675,787)	(10,137)	-
Prepaid expenses and other assets	(2,196,324)	(2,723,857)	(394,596)
Deferred revenue	2,544,727	(855,917)	(1,646,005)
Accounts payable and other accrued expenses	(1,075,502)	2,716,858	(2,033,139)
Due to related parties	142,466	(111,509)	(41,015)
Net cash flows provided by operating activities	63,799,255	46,594,565	35,706,683
Cash flows from investing activities:			
Purchases of property and equipment	(1,897,622)	(1,183,087)	(385,910)
Proceeds from sale of fitness centers, property and equipment	12,500	-	51,606
Software licenses and internally developed software expenditures	(7,471,749)	(3,467,122)	(2,618,342)
Purchase of trademarks	(27,832)	(7,272)	(9,086)
Net cash flows used in investing activities	(9,384,703)	(4,657,481)	(2,961,732)
Cash flows from financing activities:			
Principal payments on long-term debt	(1,212,500)	-	-
Cash contributions	786	-	-
Distributions paid to member	(53,469,089)	(51,605,836)	(13,110,734)
Net cash flows used in financing activities	(54,680,803)	(51,605,836)	(13,110,734)
Effect of exchange rate on cash flows, net	(14,125)	5,638	48,384
Net (decrease) increase in cash	(280,376)	(9,663,114)	19,682,601
Cash - beginning of year	10,464,059	20,127,173	444,572
Cash - end of year	$10,183,683	$10,464,059	$20,127,173
Supplemental disclosures of cash flow information:			
Cash paid for interest	$24,487,987	$4,469,636	$61
Supplemental schedule of noncash investing and financing activities:			
Right of use assets acquired under operating leases	$974,860	$ -	$ -
Distributions applied to notes receivable - related party	$ -	$6,000,000	$15,000,000
Distributions applied to due from related parties	$ -	$14,936,126	$16,395,860
Contribution of net assets from member	$ -	$4,339,960	$ -
Long-term debt proceeds distributed to member	$ -	$476,299,648	$ -

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

Note 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Anytime Fitness, LLC (Anytime Fitness) was originally formed as a corporation in February 2002. On December 11, 2009, Anytime Fitness elected to change the legal form of its business to a limited liability company (LLC). Anytime Fitness is a direct, wholly owned subsidiary of Self Esteem Brands, LLC (SEB). SEB is a wholly owned subsidiary of Anytime Worldwide, LLC.

On November 24, 2021 SEB completed a securitization transaction (See Note 8). As a result of this transaction, Anytime Fitness contributed certain assets and liabilities to newly created wholly-owned subsidiaries.

Prior to November 24, 2021, Anytime Fitness franchised the right to open, operate, and manage fitness centers. Anytime Fitness also had master franchise agreements with entities that allowed the master franchisees to operate as an Anytime Fitness. In connection with the securitization transaction, these business operations were transferred to Anytime Fitness Franchisor LLC.

Anytime Fitness operates corporate-owned 24 hour fitness centers. These fitness centers are subject to the same fee structure as other franchisees.

Anytime Fitness has a master franchise agreement with a related party which allows the master to franchise and operate Anytime Fitness centers in Spain and Andorra. Anytime Fitness collects various recurring and nonrecurring fees from this master franchisee, which were not transferred to Anytime Fitness Franchisor.

SUBSIDIARY OPERATIONS

SEB SPV Guarantor LLC (SEB SPV) is a direct, wholly-owned subsidiary of Anytime Fitness. SEB SPV and its subsidiaries were formed during 2021 in connection with the SEB securitization transaction. SEB SPV is the holding company of and guarantees the obligations of SEB Funding LLC (SEB Funding or Issuer).

SEB Funding is a direct, wholly-owned subsidiary of SEB SPV. SEB Funding is the sole member of SEB Franchising Guarantor LLC, Healthy Contributions SPV LLC, PV Distribution LLC, SEB Distribution SPV LLC, and SEB Systems LLC. SEB Funding is the Issuer of the Series 2021-1 Notes (see Note 8).

SEB Systems LLC (SEB Systems) comprises the operations of its direct, wholly-owned subsidiaries (collectively, the "franchising entities"): Anytime Fitness Franchisor LLC, Waxing the City Franchisor LLC, Basecamp Fitness Franchisor LLC, and The Bar Method Franchisor LLC. The franchising entities are the franchisors of fitness centers, fitness studios, and waxing studios in the United States and foreign countries.

Anytime Fitness Franchisor LLC (Anytime Fitness Franchisor) franchises the right to open, operate, and manage fitness centers in the United States, certain Canadian Provinces, Bahrain, Qatar, Columbia and Cayman Islands. Franchisees pay Anytime Fitness Franchisor an initial franchise fee to acquire the franchise. Anytime Fitness Franchisor has various initial and ongoing obligations to franchisees, including training. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

Anytime Fitness Franchisor also has master franchise agreements with entities that allow the master franchisees to franchise and operate Anytime Fitness centers in Australia, New Zealand, Mexico, Belgium, The Netherlands, Luxembourg, Japan, United Kingdom (including the Island of Guernsey and the Isle of Man), Ireland, Italy, India, Hong Kong, Singapore, Malaysia, the Philippines, Taiwan, Thailand, Indonesia, Macau, Morocco, South Korea, South Africa, Vietnam, Germany, and certain Canadian Provinces. Anytime Fitness

Franchisor collects an initial master franchise fee and various recurring and nonrecurring fees from the master franchisee.

Waxing the City Franchisor LLC (Waxing the City Franchisor) franchises the right to open, operate, and manage a business that offers a studio experience focused on facial and body waxing and the sale of related products or services in the United States. Franchisees pay Waxing the City Franchisor an initial franchise fee to acquire the franchise. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

Basecamp Fitness Franchisor LLC (Basecamp Fitness Franchisor) franchises the right to open, operate, and manage fitness studios in the United States. Franchisees pay Basecamp Fitness Franchisor an initial franchise fee to acquire the franchise. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

The Bar Method Franchisor LLC (Bar Method Franchisor) franchises the right to open, operate, and manage fitness studios in the United States and Canada. Franchisees pay Bar Method Franchisor an initial franchise fee to acquire the franchise. During the term of the franchise agreement, franchisees pay royalties in amounts that vary according to the franchise agreement.

Waxing the City Worldwide, LLC, Basecamp Fitness, LLC, and The Bar Method Franchising, LLC, affiliates of the Company, operate corporate-owned studios that are subject to the same fee structures as other franchisees.

SEB Franchising Guarantor LLC guarantees the obligations of the franchising entities.

PV Distribution LLC (PV Distribution) provides managed technology services, including surveillance and security system setup and access control systems for Self Esteem Brands franchise businesses and commercial customers.

SEB Distribution SPV LLC (SEB Distribution) procures, holds, and distributes inventory and supplies to Self Esteem Brands franchise businesses.

Healthy Contributions SPV LLC (Healthy Contributions) is a billing processing company that assists in the transfer, processing, and distribution of funds and data for various fitness incentive programs.

Anytime Fitness Enterprises, LLC, a subsidiary of Anytime Fitness, is lessee of certain lease agreements for Anytime Fitness corporate-owned fitness centers.

Anytime Fitness China Holding (Hong Kong), Ltd., a subsidiary of Anytime Fitness, is a foreign holding company set up to hold assets and operations in China.

Anytime Fitness (Shanghai) Co., Ltd., a subsidiary of Anytime Fitness China Holding (Hong Kong), Ltd., is set up to develop Anytime Fitness centers in China.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Anytime Fitness, LLC and its subsidiaries (collectively, the Company) and are prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions are eliminated in consolidation.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

CASH

The Company maintains its cash in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant cash credit risk. The Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

RESTRICTED CASH

Restricted cash consists of franchisee contributions held in a general advertising and marketing fund. The use of the cash is restricted to advertising and marketing expenditures, as defined.

ACCOUNTS RECEIVABLE

Accounts receivable develop in the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt expenses in the past, and establish an allowance for doubtful accounts for uncollectible amounts, if necessary. Bad debts are charged to expense when deemed uncollectible. The allowance for doubtful accounts was $260,000, $320,000, and $238,086 for the years ended December 31, 2022, 2021, and 2020, respectively. Accounts receivable are considered past due if any portion of the receivable balance is outstanding past the due date established by the Company.

INVENTORY VALUATION

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first out method.

PROPERTY AND EQUIPMENT AND DEPRECIATION METHODS

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for fitness equipment and furniture are 5 to 7 years. Depreciation of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

IMPAIRMENT OF LONG-LIVED ASSETS, GOODWILL, AND INTANGIBLE ASSETS

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the acquisition method. The Company does not amortize goodwill but tests it for impairment annually.

The Company paid and capitalized fees for the development of international trademarks. These trademarks are amortized on the straight-line method over fifteen years. Tradenames acquired in a business combination are determined to have indefinite lives, therefore the Company does not amortize, but tests them annually for impairment. Franchise rights are amortized on a straight-line method over 5 years. Non-compete agreements are amortized on a straight-line method over 3 years.

The Company incurs costs related to internally developing software. Generally accepted accounting principles authorize software to be capitalized once technical feasibility has been established. Technical feasibility is established when the developer completes all the planning, designing, coding, and testing activities necessary to determine that the product can be produced according to its design specifications. These costs are amortized on the straight-line method over three years.

The Company accounts for cloud computing arrangements (arrangements that include software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements) that contain a software license element as software costs. As such, these costs are amortized as internally developed software on the straight-line method over three years.

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future forecasted net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows or appraised values, depending upon the nature of the assets. No such impairment charges were recognized for the years ended December 31, 2022, 2021, and 2020.

DEFERRED RENT

Prior to January 1, 2022, the Company recognized rent expense on a straight-line basis. There were often differences between the amounts paid to the landlord of the operating lease and straight-line rent expense, creating deferred rent. Periodic rent increases, a period of reduced or free rent, or an upfront allowance from the lessor for tenant improvements were common situations that create deferred rent. The total minimum payments under an operating lease were calculated and then divided equally over the life of the lease to determine a straight-line rent expense. The Company recognized free rent lease incentives and tenant improvement credits straight-line over the life of the lease.

INCOME TAXES

The Company is treated as a single member limited liability company (LLC) that is treated as a disregarded entity for tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of Anytime Worldwide, LLC.

The Company has evaluated its tax positions and related income tax under the Financial Accounting Standards Board's (FASB) authoritative guidance *Accounting for Income Taxes*. Management believes that since the Company is taxed as an LLC, there is not a significant impact on the Company as a result of implementing this standard. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements. A provision has been made, however, for state minimum fees and other state taxes which are applicable to all entities. Because the Company is an LLC, liabilities to the member is limited.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's statements of comprehensive income.

REVENUE FROM CONTRACTS WITH FRANCHISEES AND MEMBERS

Revenue Recognition Significant Accounting Policies under ASC 606
The Company's revenues are comprised of franchise royalties, advertising fund contributions, initial franchise fees, area development fees, master franchise fees, transfer and renewal fees, corporate-owned fitness center sales, vendor rebates, managed technology services, product and equipment sales, and other revenues.

Franchise revenue
Franchise revenues consist primarily of franchise royalties, franchise fees, and advertising fund contributions. Franchise fees consist of initial franchise fees, area development agreement ("ADA") fees, master franchise fees, and transfer and renewal fees. Beginning in 2020, franchise revenues also include fees from franchisees for consumer fitness, health, and wellness applications.

The Company's primary performance obligation under the franchise agreement is granting certain rights to use the Company's intellectual property over the term of each agreement. The Company has certain pre-opening services, including training and construction management, that are provided as part of the franchise agreement. These pre-opening activities are considered distinct from the franchise license and are therefore recognized upon opening of the franchise. The Company has elected the FASB's practical expedient related to pre-opening activities and does not analyze each separate activity as its own distinct performance obligation. The franchise fees remaining after any pre-opening performance obligations have been satisfied are recognized on a straight-line basis over the term of the respective agreement.

Franchise royalties, consumer fitness, health, and wellness application fees, and advertising fund contributions are collected as defined in the terms of the franchise agreements. Under the Company's franchise agreements, advertising fund contributions paid by franchisees must be spent on advertising, marketing, and related activities. Initial, ADA, master, and renewal franchise fees are payable by the franchisee upon signing a new franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. During the COVID-19 pandemic, the Company offered franchise fee relief in the form of discounts of $228,151, $1,864,497, and $6,996,239 for the years ended December 31, 2022, 2021, and 2020, respectively.

Corporate-owned fitness center sales
Members are offered multiple membership choices varying in length. Membership dues are earned and recognized over the membership term on a straight-line basis. Personal training revenue is recognized at the time the service is performed. Revenue from prepayments of personal training sessions is deferred until the sessions are used or expire.

Vendor Rebates
The Company recognizes vendor rebate income from franchisees' use of certain preferred vendor arrangements. Vendor rebates are recognized when franchisees purchase services or equipment from preferred vendors and the collectability from the vendor is reasonably assured.

Product and Equipment Sales
Revenue from product and equipment sales are generally recognized when products are shipped.

Managed Technology Services
Managed technology services include the installation and sale of security equipment. Revenue from installation sales and the associated equipment is recognized when services are rendered. Managed technology services also include technology fees that are recognized monthly when services are rendered.

Other Revenues
Other revenue consists of health insurance reimbursement processing fees, training and coaching fees, online membership fees, and optional local advertising which is separate from the advertising fund described below. Other revenue is recognized monthly when the Company bills the franchisee or when services are rendered.

Sales tax
All revenue amounts are recorded net of applicable sales tax.

Deferred revenue
Deferred revenue from initial franchise fees, ADA fees, master franchise fees, and renewal and transfer fees is collected up front and is generally recognized on a straight-line basis over the term of the underlying franchise agreement net of any performance obligations which have been satisfied. Also included in deferred revenue are corporate-owned fitness center and online membership fees, equipment and installations fees, and pre-paid personal training sessions. The Company classifies these contract liabilities as deferred revenue in the balance sheets.

Deferred compensation
Deferred compensation consists of commission expense resulting from the sales of initial franchises, ADA, and master franchises and is generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract assets as deferred compensation in the balance sheets.

Advertising Fund

The Company has an advertising fund for the creation and development of marketing, advertising, and related programs and materials for all fitness centers located in the United States and Canada. On behalf of the advertising fund, the Company collects advertising fees from franchisees, in accordance with the provisions of the franchise agreements. The use of amounts received by the advertising fund is restricted to advertising, product development, public relations, and administrative expenses. The Company consolidates and reports all assets and liabilities held by the advertising fund within the consolidated financial statements. Amounts received or receivable by advertising funds are reported as restricted assets within current assets on the consolidated balance sheets. The Company records all revenues of the advertising fund, except those discussed below, within franchise revenue and all expenses of the advertising fund, except those discussed below, within the operating expenses on the consolidated statements of comprehensive income. The Company provides administrative services to the advertising fund and charges the advertising fund a fee for providing those services.

Included in the advertising fund are fees collected from franchisees related to continuing engagement credits. These funds are used by the Company at its discretion on behalf of the Anytime Fitness brand and its franchisees. These revenues and expenses are included in other revenues and general and administrative expenses, respectively, on the consolidated statements of comprehensive income.

SHIPPING AND DELIVERY COSTS

The Company records costs related to shipping and delivery in cost of goods sold.

CONFERENCE

The Company hosts a conference every other year and encourages all franchisees to attend this meeting. Since the Company is not in the business of hosting conferences, the Company records the receipts and expenses as net expense in general and administrative expenses on the consolidated statements of comprehensive income.

ADVERTISING COSTS

Advertising costs associated with solicitation of new franchisees are expensed as incurred. Advertising costs totaled $1,239,947, $1,400,220, and $1,114,643 for the years ended December 31, 2022, 2021, and 2020, respectively.

FAIR VALUE MEASUREMENTS

The Company follows the provisions of FASB's authoritative guidance regarding *Fair Value Measurements*. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used.

Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

The Company does not have any significant fair value measurements on a recurring or non-recurring basis for the years ended December 31, 2022, 2021, and 2020.

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. See Note 8 for fair value of long-term debt obligations.

LEASES

The Company leases various facilities. For any lease with an initial term in excess of 12 months, the related leased asset and liability are recognized on the consolidated balance sheets as operating leases at the inception of an agreement where it is determined that a lease exists. The Company has elected to exclude short-term leases for all classes of underlying assets from consolidated balance sheets recognition. A lease is considered to be short-term if it contains a lease term of 12 months or less. Lease expense related to short term leases is recognized on a straight-line basis over the term of the lease. The Company may enter into leases that contain both lease and non-lease components. The Company has elected to not combine lease and non-lease components for all asset classes.

Operating lease assets are included in operating lease right-of-use ("ROU") assets. ROU assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the related operating lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. The Company uses the incremental borrowing rate for all classes of underlying assets as the discount factor. In the event the incremental borrowing rate is not readily determinable, the Company has elected to use the risk-free rate as the discount factor.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Company adopted the provisions of ASC 842, *Leases*, using the modified retrospective approach with January 1, 2022, as the date of initial adoption. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. In addition, the Company elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in using the remaining lease terms for certain existing leases. Upon implementation, operating lease ROU assets increased by $2,925,892, operating lease liabilities increased by $3,284,318, and deferred rent decreased by $358,426, which resulted in a cumulative effect adjustment to member's equity (deficit) of $0 as of January 1, 2022. Adoption of the new standard did not materially impact the Company's consolidated comprehensive income and had no impact on cash flows.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management for recognition or disclosure through March 31, 2023, which is the date the consolidated financial statements were available to be issued.

RECLASSIFICATIONS

Certain amounts in the December 31, 2021 and 2020, consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported consolidated net income or member's equity (deficit).

Note 2 FRANCHISE INFORMATION

Territories sold and open consisted of the following as of and for the year ended December 31, 2022:

	Sold in Year	Total Sold	Opened in Year	Total Open
Anytime Fitness	385	7,061	255	5,143
Waxing the City	28	278	15	139
The Bar Method	2	137	2	78
Basecamp Fitness	44	51	4	14

Territories sold and open consisted of the following as of and for the year ended December 31, 2021:

	Sold in Year	Total Sold	Opened in Year	Total Open
Anytime Fitness	389	6,700	288	4,990
Waxing the City*	6	264	7	125
The Bar Method*	-	136	-	81
Basecamp Fitness*	-	33	1	12

*Sold and opened in 2021 represents the period from the securitization date of November 24, 2021 to December 31, 2021.

Territories sold and open consisted of the following as of and for the year ended December 31, 2020:

	Sold in Year	Total Sold	Opened in Year	Total Open
Anytime Fitness	374	6,390	364	4,837

Note 3 CORPORATE-OWNED FITNESS CENTERS

As of December 31, 2022, the Company was the owner/operator of 12 fitness centers. Revenue and expenses for the corporate-owned fitness centers for the year ended December 31, 2022 were $5,651,512 and $6,190,193, respectively. The Company closed one fitness center in 2022.

As of December 31, 2021, the Company was the owner/operator of 13 fitness centers. Revenue and expenses for the corporate-owned fitness centers for the year ended December 31, 2021 were $5,404,563 and $5,866,269, respectively. The Company purchased one fitness center and closed one fitness center in 2021.

As of December 31, 2020, the Company was the owner/operator of 13 fitness centers. Revenue and expenses for the corporate-owned fitness centers for the year ended December 31, 2020 were $3,926,013 and $4,889,231, respectively. The Company closed one fitness center in 2020.

Note 4 RELATED PARTY TRANSACTIONS

DUE FROM RELATED PARTIES

At December 31, 2022, 2021, and 2020, the Company had receivables from entities related by common ownership in the amount of $496,285, $435,288, and $6,775,015, respectively. The receivables are due on demand.

DUE TO RELATED PARTIES

At December 31, 2022, 2021, and 2020, the Company had payables to entities related by common ownership in the amount of $391,263, $248,797, and $360,306, respectively. The payables are due on demand.

NOTE RECEIVABLE RELATED PARTY

During 2019, the Company entered into a lending agreement with a related party, in which the Company advanced $21,000,000 to Self Esteem Brands, LLC. The note required interest at 2.00% and was unsecured. The note was extinguished as of December 31, 2021. At December 31, 2022, 2021, and 2020, the balance on the note was $0, $0, and $6,000,000, respectively.

Note 5 ACCOUNTS RECEIVABLE

Accounts receivable is composed of the following at December 31:

	2022	2021	2020
Trade receivables	$2,947,095	$3,353,507	$101,161
Franchise fees	160,142	376,254	51,842
Franchise royalties	284,917	308,366	208,246
International franchise and royalty fees	4,795,935	3,609,142	2,491,187
Non-trade receivables	191,500	1,791,909	698,573
Allowance for doubtful accounts	(260,000)	(320,000)	(238,086)
Total accounts receivable, net of allowance for doubtful accounts	$8,119,589	$9,119,178	$3,312,923

Note 6 PROPERTY AND EQUIPMENT

Property and equipment is composed of the following at December 31:

	2022	2021	2020
Property and equipment:			
Leasehold improvements	$5,004,504	$3,709,614	$3,459,590
Equipment	3,172,940	2,978,259	2,844,157
Fitness equipment	2,599,480	2,439,312	2,280,256
Autos and trucks	308,643	308,643	308,643
Furniture and equipment	371,096	357,867	320,493
Total property and equipment	11,456,663	9,793,695	9,213,139
Less: Accumulated depreciation	(8,451,915)	(7,768,238)	(7,537,330)
Property and equipment, net	$3,004,748	$2,025,457	$1,675,809

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 amounted to $899,391, $762,677, and $812,851, respectively.

Note 7 TRADEMARKS, SOFTWARE DEVELOPMENT AND LICENSE COSTS

Trademarks, software development and license costs consist of the following at December 31:

	2022	2021	2020
Amortizable trademarks	$365,892	$363,257	$465,949
Franchise rights	1,655,300	1,655,300	-
Non-compete agreements	66,099	66,099	-
Less: Accumulated amortization	(606,415)	(57,272)	(146,536)
Amortizable intangible assets, net	1,480,876	2,027,384	319,413
Non-amortizable tradename and trademarks in progress	1,131,982	1,106,785	10,597
Intangible assets, net	$2,612,858	$3,134,169	$330,010
Amortizable software development and licenses	$13,218,051	$1,962,574	$8,866,476
Less: Accumulated amortization	(1,862,097)	(605,853)	(6,385,837)
Amortizable software development and licenses, net	11,355,954	1,356,721	2,480,639
Software development in progress	2,254,284	6,038,012	2,570,890
Software development and license costs, net	$13,610,238	$7,394,733	$5,051,529

Amortization expense for the years ended December 31, 2022, 2021, and 2020 amounted to $1,805,387, $1,356,169, and $913,480, respectively.

Future amortization of in-service trademarks, software development and license costs is as follows:

Year Ending December 31,	Amount
2022	$4,847,301
2023	4,286,209
2024	3,489,029
2025	36,992
2026	36,992
Thereafter	140,307
Total	$12,836,830

Note 8 LONG-TERM DEBT

SECURITIZATION

On November 24, 2021, the Issuer entered into a securitization transaction pursuant to which various direct and indirect subsidiaries of SEB contributed nearly all vendor rebate agreements, existing and future franchise agreements, development agreements, and substantially all franchising and licensing activities to the Company. Since the Issuer and all subsidiaries are under common control, the contributions were recorded at book value. The net book value of the assets and liabilities contributed (net of Anytime Fitness contributions eliminated) are summarized below as of November 24, 2021:

Accounts receivable	$4,120,933
Inventory	3,444,814
Prepaid expenses and other assets	995,516
Intangible assets and software development costs	3,029,138
Accounts payable and accrued expenses	(699,862)
Deferred revenue	(6,550,579)
Net assets contributed	$4,339,960

The Issuer, its direct parent, as well as the Issuer's direct and indirect subsidiaries, except SEB Franchising Guarantor LLC, (collectively, the Self Esteem Brands Securitization Entities) hold substantially all of the franchising-related assets and have jointly and severally guaranteed the payment of each series of notes and the payment and performance of all other obligations of the Issuer.

Anytime Fitness, LLC manages and services the assets of the Self Esteem Brands Securitization Entities in return for a management fee under a management agreement (the "Securitization Management Agreement"). The primary responsibilities of Anytime Fitness, LLC as the manager are to administer collections of royalties and other securitized revenues and perform certain franchising, operational, intellectual property and reporting on behalf of the Self Esteem Brands Securitization Entities with respect to the managed assets.

SERIES 2021-1 NOTES

In connection with the securitization transaction completed on November 24, 2021 (see "Securitization" section), the Issuer issued $485,000,000 of Series 2021-1 Class A-2 Fixed Rate Senior Secured Notes ("Series 2021-1 Class A-2 Notes"). In addition, the Issuer entered into $20,000,000 of Series 2021-1 Class A-1 Variable Funding Notes (the "Variable Funding Notes" or "Series 2021-1 Class A-1-VFN Notes") and an additional $6,100,000 of Series 2021-1 Class A-1 Senior Secured Liquidity Reserve Notes (the "Liquidity Reserve Notes" or "Series 2021-1 Class A-1-LR Notes"). Collectively, the Series 2021-1 Class A-1-LR Notes, Series 2021-1 Class A-1-VFN Notes and Series 2021-1 Class A-2 Notes shall be referred to as "Series 2021-1 Notes". The Series 2021-1 Notes are secured by substantially all assets of and guaranteed by the Self Esteem Brands Securitization Entities.

Borrowings under the Series 2021-1 Class A-2 Notes bear interest at a fixed rate of 4.969% per annum. Interest and principal payments on the Series 2021-1 Class A-2 Notes are due on a quarterly basis. The requirement to make quarterly principal payments on the Series 2021-1 Class A-2 Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the Series 2021-1 Class A-2 Notes is January 2052. Unless the outstanding principal is prepaid, the Indenture provides for an anticipated repayment date in January 2027. If the Issuer has not repaid or refinanced the Series 2021-1 Class A-2 Notes prior to the anticipated repayment date, additional interest will accrue pursuant to the Indenture.

Borrowings under the Variable Funding Notes bear interest at a variable rate equal to LIBOR plus 3.56%. The Variable Funding Notes may also be used to issue letters of credit. The Variable Funding Notes will also be subject to (i) certain commitment fees in respect to the unused portion of the commitments of the investors thereunder, and (ii) certain fees in respect of letters of credit issued thereunder. Letters of credit outstanding under the Variable Funding Notes, including $6,100,000 of an interest reserve letter of credit issued in connection with the Series 2021-1 Notes, were $7,363,425 and $6,151,977 as of December 31, 2022 and 2021, respectively. The Company does not expect any material loss from these letters of credit because the Company does not anticipate any funds will be drawn thereunder by the beneficiaries thereof. No other borrowings were outstanding against the Variable Funding Notes as of December 31, 2022 and 2021.

Advances under the Liquidity Reserve Notes shall bear interest at the Prime Rate plus 3.00%. The Liquidity Reserve Notes will also be subject to certain commitment fees in respect to the unutilized portion of the commitments of the investors thereunder. No borrowings were outstanding against the Liquidity Reserve Notes as of December 31, 2022 and 2021.

Debt issuance costs of $8,700,352 were recorded as a reduction of long-term debt in connection with the issuance of the Series 2021-1 Notes. The debt issuance costs are amortized to interest expense through the anticipated repayment dates.

The net proceeds from the issuance of the Series 2021-1 Notes, after transaction expenses, were distributed to SEB.

The Series 2021-1 Notes are subject to a series of covenants and restrictions customary for this type of transaction, including (i) debt service and securitized net cash flow coverage ratios, (ii) maintenance of specified reserve accounts to be used to make required payments in respect of the Series 2021-1 Notes, and (iii) provisions relating to optional and mandatory prepayments. The Series 2021-1 Notes are also subject to customary rapid amortization events provided for in the Indenture.

Long-term debt consists of the following at December 31:

	2022	2021
Series 2021-1 Class A-2 Senior Secured Notes	$483,787,500	$485,000,000
Less: Unamortized financing costs	(6,779,124)	(8,519,194)
Long-term debt, net of financing costs	477,008,376	476,480,806
Less: Current maturities	(3,637,500)	(3,637,500)
Long-term debt, net of current maturities and financing costs	$473,370,876	$472,843,306

The annual principal payment requirements for long-term debt, subject to certain financial conditions set forth in the Indenture, are as follows:

Year Ending December 31,	Amount
2023	$3,637,500
2024	4,850,000
2025	4,850,000
2026	4,850,000
2027	465,600,000
Total principal payments	$483,787,500

Note 9 DEFERRED REVENUE

The following table reflects the change in deferred revenue for the years ended December 31:

	2022	2021	2020
Beginning balance	$40,789,697	$35,095,035	$36,743,164
Contributed from member	-	6,550,579	-
Revenue recognized	(11,410,120)	(10,174,082)	(9,075,924)
Deferred revenue estimated for the period	13,954,847	9,318,165	7,427,795
Ending balance	$43,334,424	$40,789,697	$35,095,035

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022. The Company has elected to exclude short-term contracts, franchise fee royalties and any other variable consideration recognized on an "as invoiced" basis.

Deferred revenue to be recognized in the year ending December 31:	Amount
2023	$10,148,482
2024	7,757,487
2025	6,308,243
2026	4,897,097
2027	3,458,270
Thereafter	10,764,845
Total	$43,334,424

The summary set forth below represents the balances in deferred revenue as of December 31:

	2022	2021	2020
Franchise fees	$42,197,499	$39,712,538	$34,583,059
Prepaid personal training	533,208	524,734	470,721
Prepaid membership fees	105,754	92,715	41,255
Equipment and installation fees	273,648	269,710	-
Other	224,315	190,000	-
Total deferred revenue	43,334,424	40,789,697	35,095,035
Less: Long-term portion of deferred revenue	(33,185,942)	(31,414,642)	(26,786,554)
Current portion of deferred revenue	$10,148,482	$9,375,055	$8,308,481

Note 10 LEASING ACTIVITIES

The Company leases various facilities under operating leases with terms that expire at various dates through April 2029. Under certain facility leases, the Company is obligated to pay all repair and maintenance costs.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2022
Weighted Average Remaining Lease Term	5.04 years
Weighted Average Discount Rate	5.00%

The maturities of lease liabilities are as follows:

Year Ending December 31:	Amount
2023	$847,555
2024	811,291
2025	802,406
2026	690,723
2027	595,630
Thereafter	214,951
Total lease payments	3,962,556
Less: Present value discount	(457,273)
Present value of lease liabilities	3,505,283
Less: Current maturities	(689,695)
Lease liabilities, net of current portion	$2,815,588

The following summarizes the line items in the consolidated statements of comprehensive income which includes the components of lease expense for the years ended December 31:

	2022	2021	2020
Lease expense:			
Operating lease expense	$854,756	$2,079,707	$2,000,659
Short-term lease expense	186,311	-	-
Non-lease component expense	388,673	-	-
Total lease expense	$1,429,740	$2,079,707	$2,000,659

Note 11 CONTINGENCIES

The Company is subject to various claims, legal proceedings, and investigations covering a wide range of matters that may arise in the ordinary course of business. Management believes the resolutions of claims and pending litigation will not have a material effect, individually or in the aggregate, on the consolidated financial statements of the Company.

The Company accrued a contingent liability of $44,932, $270,275, and $330,000 related to lease agreements for former corporate-owned fitness centers for the years ended December 31, 2022, 2021, and 2020, respectively. This amount is included in accrued expenses and other current liabilities on the consolidated balance sheets.

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 AN OPINION WITH REGARD TO THE CONTENT OR FORM.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
February 28, 2023

		2023
Assets		
Current assets:		
Cash	$	15,720,411
Restricted cash		3,822,545
Receivables, net of allowance for doubtful accounts		9,494,428
Vendor rebates receivable		3,709,563
Inventory		4,972,901
Prepaid expenses		9,346,301
Other current assets		218,677
Related party receivable		6,684,846
Deferred compensation, current portion		418,796
Total current assets		54,388,468
Property and equipment, net of accumulated depreciation		3,061,534
Other assets:		
Intangible assets, net of accumulated amortization		2,546,926
Software development costs, net of accumulated amortizatio		13,894,914
Goodwill		141,521
Other assets		252,903
Operating lease right-of-use asset, net		3,328,444
Deferred compensation, net of current portion		1,386,564
Total other assets		21,551,272
Total assets	$	79,001,274
Liabilities and member's deficit		
Current liabilities:		
Line of credit	$	-
Current maturities of long-term debt		4,850,000
Current maturities of operating lease liabilities		716,643
Accounts payable		4,302,599
Accrued expenses and other current liabilities		4,944,841
Related party payable		223,035
Deferred revenue, current portion		10,097,971
Total current liabilities		25,135,089
Long-term liabilities:		
Debt, net of current maturities and financing costs		472,448,388
Operating lease liabilities, net of current maturities		3,086,136
Deferred revenue, net of current portion		33,185,942
Total long-term liabilities		508,720,466
Total liabilities		533,855,555
Member's deficit:		
Member's deficit		(454,897,734)
Accumulated other comprehensive income		43,453
Total member's deficit		(454,854,281)
Total liabilities and member's deficit	$	79,001,274

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year to Date as of February 28, 2023

	YTD 2023
Revenues	$ 27,458,643
Advertising fund revenue	2,973,862
Total revenues	30,432,505
Cost of goods sold	4,260,556
Gross profit	26,171,949
General and administrative expenses	8,870,777
Advertising fund expense	6,116,129
Total general, administrative, and advertising fund expenses	14,986,906
Income from operations	11,185,043
Other income (expense):	
Other income	1,259
Other expense	(235,491)
Interest expense	(4,221,517)
Total other income (expense)	(4,455,749)
Net income	$ 6,729,294

WAXING THE CITY

EXHIBIT E

FRANCHISE AGREEMENT, GUARANTY, GENERAL RELEASE AND STATE SPECIFIC ADDENDA

FRANCHISE AGREEMENT

WAXING THE CITY FRANCHISOR LLC

111 Weir Drive
Woodbury, Minnesota 55125
(866) 956-4612
www.waxingthecity.com

WAXING THE CITY FRANCHISE AGREEMENT

INDEX

WAXING THE CITY
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made as of the Effective Date set forth in the Rider attached to this Agreement (the "Rider") between WAXING THE CITY FRANCHISOR LLC, a Delaware limited liability company ("we" or "us") and the person or persons named in the Rider as "Franchisee" ("you").

RECITALS:

A. We and our predecessor have invested substantial time, effort and money to develop a system of operating boutique studios that offer body and facial waxing services to the general public, as well as other related products and services under the federally registered trademark, "Waxing the City®," and other trademarks, service marks, and intellectual property rights. We grant franchises to qualified candidates for the operation of a facial and body waxing business. We license our trademark rights in "Waxing the City" and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Waxing the City studios (collectively the "Marks"). Waxing the City studios use our methods, procedures, standards, specifications and the Marks (all of which are collectively referred to as the "System") which we may improve, further develop or otherwise modify from time to time.

B. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.

C. You desire to operate a Waxing the City franchise which will conform to our uniform requirements and quality standards as established from time to time by us.

AGREEMENTS:

1. GRANT OF FRANCHISE; FRANCHISED LOCATION

A. Grant of Franchise. Subject to the provisions stated below, we license to you a personal franchise to operate a Waxing the City business (your "Waxing Studio") in conformity with our System. You accept the license and undertake the obligation to operate your Waxing Studio using the System and in compliance with our standards. If you would like to open a second or subsequent location, you must sign a new franchise agreement on our then-current form for each location, and pay the applicable franchise fees for each location.

B. DMA Search Area. You have the right to operate the Waxing Studio at one (1) location only. We must approve this location. The location we approve will be denoted on the Rider to this Agreement (the "Franchised Location"). The Waxing Studio must be located in the non-exclusive area described in the Rider to this Agreement (the "DMA"), but outside of any protected territory we have granted to another Waxing the City franchisee. You acknowledge that we may seek and acquire sites in the DMA for company or affiliate-owned locations, grant others the right to seek or acquire sites within the DMA, and that we may actually provide others with sites in the DMA, and that you acquire no exclusive or priority rights in such area. We may modify the boundaries of your DMA if The Nielsen Company, LLC or its successor changes the applicable defined market area of your DMA. If we do so, we will provide you with notice of the change along with the updated Rider to this Agreement which you consent to us amending, without your signature, to change the DMA.

C. Site Assistance/Location. You acknowledge that we may locate, or provide assistance to you and other Waxing the City franchisees in the location of, potential sites in the DMA for Waxing the City studios. To the extent we locate sites or provide such assistance to you we have no obligation to provide you with any site we may identify but any site you identify must be provided to us. We can then acquire the site ourselves, or give other franchisees the right to acquire that site and you acknowledge and agree that by providing us with a potential site you obtain no priority with respect to that site. If you provide us a potential site we will inform you within thirty (30) days after receipt of the information and materials we request regarding the site whether we will acquire the site, or otherwise approve the site, and if so, whether we will allow you to attempt to acquire the site or if we are going to provide the site to other franchisees who may be looking for sites in the DMA. You may not enter into a lease or sublease for this site, or otherwise acquire this site, unless and until we have given you that permission in writing to do so.

If we provide you a potential site, you will have the right to accept it or reject it within the time period we set. However, we may have also provided this same site to one or more other franchisees and in the event multiple franchisees accept a site, we will select, in our sole discretion, the franchisee to whom we award the site. Notwithstanding the foregoing, it shall be your responsibility to identify and ultimately acquire an appropriate site, acceptable to us, for the operation of the Waxing Studio. In consideration for any assistance we provide with respect to the identification or approval of potential sites, you acknowledge and agree that we shall not be responsible for your results in operating at any particular site that may have been recommended, reviewed, or approved by us and that our approval does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the Waxing Studio at that location.

D. Site Acquisition. After we have informed you that you may acquire a site for your Waxing Studio, you will have thirty (30) days after our notice to acquire the site by lease, sublease or purchase. Within such time period, you must furnish us with evidence reasonably acceptable to us of your acquisition of the site. If you fail to acquire the site within such time period or furnish us with the evidence of acquisition we request, the site will go back into the pool of potential available sites in the DMA and we can acquire the site ourselves or provide the site to another franchisee.

E. Rider Updates. Following our approval of the site and your acquisition of it, you authorize us to amend the Rider to this Agreement, without your signature, to identify: (i) the address of the Franchised Location; (ii) the "Protected Territory" via a map or description of an area surrounding the Franchised Location; and (iii) the "Required Opening Date" for your Waxing Studio.

F. Protected Territory. Except as specified in this Section 1.F, in Section 1.B, or in the Rider, during the term of this Agreement, we will not operate or license to anyone else the right to operate a Waxing the City studio from any location physically located in the Protected Territory. You acknowledge and agree that: (i) we and our affiliates have the right to grant other franchises or licenses and to operate company or affiliate owned Waxing the City studios at locations outside the Protected Territory even if they compete with your Waxing Studio for customers who may live and/or work in or near the Protected Territory; and (ii) we and our affiliates have the right to operate, and to grant franchises or licenses to others to operate, any other business from locations within the Protected Territory under trademarks other than "Waxing the City", without compensation to you. In addition, the boundaries of your Protected Territory may overlap with a territory we grant to another franchisee or to a Waxing the City studio we or our affiliates operate, so long as no other Waxing the City studio is physically located within your Protected Territory.

G. Additional Reservation of Rights. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement, including, without limitation, the right to sell anywhere (including within the Protected Territory) products and services (including to your customers) under the "Waxing the City" name, or under any other name, through any channel of distribution.

H. Limitations. The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Franchised Location. You do not have the right to delegate, subfranchise, or sublicense any of your rights under this Agreement. Without our written consent, you may not use the Franchised Location for any purpose other than the operation of a Waxing the City studio.

I. DMA Violation. If you secure real estate for your Waxing Studio in the DMA but fail to comply with our requirements for securing the real estate, including those set forth in this Section 1, we may charge you a fee of One Thousand Dollars ($1,000) to Ten Thousand Dollars ($10,000). This fee shall be due and payable to us upon our demand and shall be in addition to any other rights or remedies we may have under this Agreement or otherwise.

2. TERM; RENEWAL RIGHTS

A. Initial Term. The term of this Agreement is for six (6) years commencing on the Effective Date of this Agreement, unless terminated earlier as provided in this Agreement.

B. Renewal. You have the right to renew your Waxing Studio franchise for the Franchised Location for an additional five (5) year term, provided you meet all of the following conditions:

1. you have given us written notice at least two hundred ten (210) days prior to the end of the then current term of this Agreement of your desire to renew;

2. you and all entities you are a member, partner or shareholder of, are in compliance with all agreements between you and us and between you and our affiliates, and there has been no series of defaults by you thereunder (i.e., an abnormal frequency of defaults or a default that has occurred repeatedly, or a combination thereof), whether or not such defaults were cured;

3. you make, or provide for in a manner satisfactory to us, such renovation and re-equipping of your Waxing Studio as we deem appropriate to reflect the then-current standards and image of the System, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures and decor;

4. you pay us a renewal fee at least fifteen (15) days prior to the expiration of the initial term of this Agreement in an amount equal to Six Thousand Dollars ($6,000) (which we will reduce to Five Thousand Dollars ($5,000) if we receive all your signed renewal documents, and this fee, at least thirty (30) days before this Agreement expires) (the “Renewal Fee”);

5. you sign the standard Franchise Agreement then being used by us within thirty (30) days of receipt, provided that you pay the Renewal Fee in lieu of the Initial Franchise Fee set forth in the then-current Franchise Agreement. The terms of such Franchise Agreement may differ from this Agreement, including higher fees and a modification to the Protected Territory based upon our then-current methods of determining ~~Protected Territory areas~~protected territories (and which may include a reduction in the size of the Protected Territory);

6. you present satisfactory evidence that you have the right to remain in possession of the Franchised Location for the duration of the renewal term, unless we determine that the location of your business is no longer viable for the operation of your Waxing Studio, in which case we may condition your right to renew on your obtaining a new site for your Waxing Studio that we approve;

7. your management staff and each aesthetician you employ in your Waxing Studio successfully completes any refresher training prescribed by us at least thirty (30) days prior to the expiration of the term of this Agreement; and

8. at the time you sign the Franchise Agreement to renew your franchise, you sign and deliver to us a general release, in the form we prescribe, releasing, to the fullest extent permitted under the laws of the state where your Waxing Studio is located, all claims that you may have against us and our affiliates and our respective current and former officers, directors, shareholders, employees, insurers, consultants, contractors and agents, in both their corporate and individual capacities.

If you fail to timely comply with any provision of this Section 2.B, time being of the essence, we will at all times thereafter be permitted to operate or license to someone else the right to operate a Waxing the City studio from any location in the Protected Territory, and you specifically grant to us and to the owner of that studio the right to contact the customers of your Waxing Studio, notify them that you have chosen not to renew your relationship with us, and solicit those customers to patronize a new Waxing the City studio in the Protected Territory.

To make it easier for you to renovate and re-equip your Waxing Studio when you want to renew the Franchise, we recommend that you set aside a monthly amount equal to $0.25 per square foot of your Waxing Studio in an account to be used as seed money to bring your Waxing Studio up to current standards. We reserve the right to require you to pay these amounts to us to hold for you, but if we impose this obligation, we will release the funds to you as needed for you to complete your obligation to renovate and re-equip your Waxing Studio. While we do not expect these funds will cover the entire cost of both the remodeling and new equipment you will need, if we do collect these amounts and they exceed the amount you need, we will refund the excess amounts to you upon completion of the renovation and re-equipping and of your Waxing Studio.

3. MARKS AND COPYRIGHTS

A. Identity of Your Waxing Studio. Your Waxing Studio will be identified by the trademark "Waxing the City®," and such other names and logos as we prescribe from time to time.

B. Ownership of Mark. You agree that we own the Marks and the System. You also agree that any and all improvements and derivations by you relating to the Marks and System are our sole property and you hereby assign to us the same, together with the goodwill associated with the same. We will have the exclusive right to register and protect all such improvements and derivations of the Marks and the System.

C. Use. Your right to use and identify with the Marks and System applies only to the Franchised Location, and exists concurrently with the term of this Agreement and only so long as you are in complete compliance with our quality standards. You will have the right to use the Marks and System only in the manner prescribed, directed and approved by us in writing. You will not have or acquire any rights in any of the Marks or System other than the right of use as governed by this Agreement. You may not authorize others to use or reproduce our Marks without our prior written consent. Your use of the Marks and any resulting goodwill will be to our exclusive benefit. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or the System, you will immediately, upon written notice from us, modify your use of the Marks and the System in the manner prescribed by us in writing. You will not during or after the term of this Agreement do anything directly or indirectly which would disparage, infringe upon, harm, or contest our rights in, the Marks or System.

D. Promotion. You will operate your Waxing Studio so that it is clearly identified and advertised as a Waxing the City studio. The style, form and use of the words "Waxing the City" in any advertising, written materials, products or supplies, including but not limited to any Technology Platform (defined below), must, however, have our prior written approval and comply with our specifications as we may prescribe in writing and as set forth in the Manual, or otherwise. You will use the trademark

"Waxing the City®" and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, Technology Platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples or photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs of the same upon our request. You will not use the words "Waxing the City" in your corporate, partnership, limited liability company or other entity name.

E. Substitutions of, or Adverse Claims to, Marks. We have the right to protect and maintain all rights to the Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, or to discontinue using any Mark, or if there is an adjudication by a court of competent jurisdiction that any party's rights to any of the Marks are superior to ours, then upon written notice from us, you will, at your sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by us in writing, and if the Mark that is changed is the name "Waxing the City," then all references in this Agreement to the name "Waxing the City" will be deemed references to such substitute Mark. If we modify or discontinue use of any Mark, you will immediately cease using the Marks specified by us, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by us in connection with all advertising, marketing and promotion of your Waxing Studio. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

F. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your reasonable expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us, including attorneys' fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks and be entitled to all recovery related to claims with respect to the Marks. While we are not required to defend you against a claim based on your use of the Marks, we will reimburse you for your liability arising from your authorized use of the Marks. You will also be required to reimburse us for liability arising out of your unauthorized use of any of the Marks.

G. Copyrighted Materials. You acknowledge and agree that we may authorize you to use certain copyrighted or copyrightable works (the "Copyrighted Materials"), including the Manual (as defined below). The Copyrighted Materials are our valuable property. Your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the temporary, non-exclusive license to use the Copyrighted Materials granted in this Agreement. All rights that inure as a result of the use of the Copyrighted Materials belong solely to us.

H. Protection. You will sign any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us, at our expense, in acquiring rights in or in registering any of the Marks or any trademarks, trade names, service marks, slogans, logos or emblems that we subsequently adopt.

4. INITIAL FRANCHISE FEE

A. Initial Franchise Fee. Upon execution of this Agreement you will pay us a nonrefundable initial franchise fee (the "Initial Franchise Fee") as set forth in the Rider.

B. No Refunds. The Initial Franchise Fee has been fully earned upon our signing of this Agreement and is nonrefundable in consideration of the expenses incurred by us in granting this franchise and for the lost or deferred opportunity to franchise others.

5. FEES

A. Weekly Royalty Fee. On the first Monday of each week, you will pay to us a non-refundable weekly royalty payment (the "Royalty Fee") equal to the greater of (i) One Hundred Dollars ($100) per week, or (ii) six percent (6%) of the Gross Revenues generated in the preceding week by your Waxing Studio.

1. Your obligation to pay us the Royalty Fee under the terms of this Agreement will begin on the earlier of the first full month of the month after you open your Waxing Studio or the date that is twelve (12) months from the Effective Date. If you have engaged one of our affiliates to provide you with site selection services and you are actively working with such affiliate to obtain a site, we will waive the Royalty Fee until you begin operating your Waxing Studio. Your obligation to pay the Royalty Fee will remain in full force and effect throughout the term of this Agreement.

2. "Gross Revenues" also referred to as Net Collections, shall mean the total amount of revenues generated from all business activities taking place by, through or at the Waxing Studio, in the form of cash or credit, plus the fair market value of products delivered and services rendered to you, or to your designee, in consideration for products and services provided in, from, or in conjunction with your Waxing Studio. There will be excluded from "Gross Revenues" bona fide refunds, credits given or allowed to customers for the return of merchandise and amounts collected from customers and remitted by you to any governmental taxing authority in satisfaction of sales taxes, however, chargebacks are not deducted from the calculation of Gross Revenues.

B. Monthly Advertising and Marketing Fund Contribution. ~~On~~By the ~~first Monday~~fifth (5th) day of each month, you will pay to us a non-refundable monthly "General Advertising and Marketing Fund Contribution" equal to two percent (2%) of the previous calendar month's Gross Revenues from your Waxing Studio (the "General Advertising and Marketing Fund Contributions"). We may periodically increase the General Advertising and Marketing Fund Contribution; provided that the General Advertising and Marketing Fund Contributions will not exceed three percent (3%) of your Gross Revenues. We will account for all General Advertising and Marketing Fund Contributions we receive as part of a "General Advertising and Marketing Fund."

1. We may use General Advertising and Marketing Fund Contributions for any purpose that promotes the System, the Marks or the Waxing the City® name as we deem appropriate in our sole discretion, which may include the creation, production and placement of consumer advertising; agency costs and commissions; costs of preparing, producing and conducting local, regional or national media of our choice, including: television, radio, internet, magazine, direct mail and newspaper, billboard, social media and digital advertising, and direct mail campaigns, and other public relations activities; developing and/or hosting, maintaining and optimizing our website, other websites, and other applications or similar activities; implementing keyword or adword purchasing programs; administering regional or multi-regional advertising programs and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms and other advertising, promotion or marketing agencies; developing marketing and advertising training programs and conducting market research (including sampling) and secret shopper programs; and other advertising, promotion and marketing activities, including participating at trade shows. For the avoidance of any doubt, we may also reimburse ourselves, our authorized representatives or our affiliates from the General Advertising and Marketing Fund for any expenses incurred by us or any of them related to the promotion of the Waxing the City® brand, the

Marks or the System, including administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us, them or our authorized representatives and associated with the programs funded by the General Advertising and Marketing Fund. Advertising may be placed in local, regional or national media of our choice. We do not guarantee that advertising expenditures from the General Advertising and Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

2. All interest, if any, earned by the General Advertising and Market Fund will be used for the payment of the foregoing expenses before application of any principal.

3. Methods, media employed, the contents of advertising and marketing, and terms and conditions of advertising, marketing and promotional programs, will be in our sole discretion.

6. ADVERTISING AND PROMOTION

A. Local Advertising & Minimum Spend Requirement. In addition to the General Advertising and Marketing Fees, you agree to conduct your own local marketing of your Waxing Studio, either alone or in combination with other Waxing the City studio owners in your market. You must spend a minimum of One Thousand Five Hundred Dollars ($1,500) per month on local advertising, after completion of the Grand Opening and Ramp Up Plan (described below) to promote your Waxing Studio. You must use our preferred or designated vendors for your Grand Opening and Ramp Up Plan and local marketing services for your Waxing Studio, which may include us or our affiliates, and we may require you to submit your grand opening plans and local marketing plans for our prior approval, submit receipts to verify you have met minimum spend requirements, and show proof of performance of your advertising activity. If you fail to spend the minimum required amount on local advertising in any calendar year, we may require you to pay the difference between what you should have spent on local advertising and what you actually spent into the General Advertising and Marketing Fund. We also reserve the right to require you to pay to us the minimum required amount each month for local advertising, plus our current one-time setup fee, and we will conduct the local advertising on your behalf in our discretion. We reserve the right to audit your records upon request to determine compliance with this requirement. You acknowledge that it is your responsibility to market your Waxing Studio, and that the General Advertising and Marketing Fees are merely used to supplement the local marketing conducted by each of our franchisees. You must submit to us for our prior approval any advertising you propose to use for the promotion of your Waxing Studio at least four (4) weeks before you may use any such advertising. We reserve the right to refuse, reject, adjust or require changes to any advertising material you prepare. You also must purchase a representative sample of all marketing materials we prepare for brand level promotions. We may prescribe minimum amounts of these materials that you must purchase.

B. Supplies and Marketing Materials. Before opening your Waxing Studio, you will purchase initial supplies and marketing materials, including business cards, thank you notes, brochures for our membership program, studio intake forms, appointment reminder cards, business stationery (letterhead) and similar items. We will make these items available for purchase from us, and will provide recommended suppliers for additional marketing materials, such as branded promotional props and signage for trade shows. If you order items other than those ~~or~~we have approved, you must obtain our prior approval of such items. We may require you to purchase minimum amounts of business supplies and marketing materials during the term of this Agreement, and we may auto-ship these items to you at your cost. The amounts you pay for these items are nonrefundable and must be paid at the times we specify. These items will not constitute all of the items you will need to market your Waxing Studio and you will need to purchase other items.

C. Grand Opening and Ramp Up Plan. You must spend a minimum of Twenty-Five Thousand Dollars ($25,000) for a "Grand Opening and Ramp Up Plan" for grand opening and local advertising. Activities in the plan may start as early as your lease is signed (up to one hundred and twenty (120) days before your Waxing Studio opens) and will extend up to ninety (90) days after the opening of your Waxing Studio. We require that you work with one or more vendors that we designate to execute the Grand Opening and Ramp Up Plan, which may include us or our affiliates. You must provide us proof of the amounts paid to all vendors used in your Grand Opening and Ramp Up Plan within three (3) months of opening. If you fail to spend the minimum required amount on the Grand Opening and Ramp Up Plan, we may require you to pay the difference between what you should have spent for the Grand Opening and Ramp Up Plan and what you actually spent into the General Advertising and Marketing Fund. We also reserve the right to require you to pay to us the minimum required amount for the Grand Opening and Ramp Up Plan and we will execute the Grand Opening and Ramp Up Plan on your behalf in our discretion. The amounts you spend on the Grand Opening and Ramp Up Plan are in addition to the General Advertising and Marketing Fees that you must pay to us. The Grand Opening and Ramp Up Plan may include digital media, print media, ~~television advertising, radio~~audio advertising, billboards or other outdoor signage. In addition to costs associated with the Grand Opening and Ramp Up Plan, you must purchase certain marketing materials such as branded promotional products, printed materials, large format indoor or outdoor signage for trade shows, and similar items, from us or our designated supplier, as described in Section 6.B.

D. Retail Product Package. Before you open your Waxing Studio, you must purchase a package of retail products to offer for sale in your Waxing Studio from us at our then-current prices. These amounts are nonrefundable and are due at the time we specify.

E. Advertising Cooperative. At such time as we in our sole discretion may determine, you shall join an advertising cooperative made up of other Waxing the City franchisees (the "Local Cooperative"), as we determine. In such event, you must participate in the Local Cooperative on the terms and conditions we require. We can create, modify or dissolve any Local Cooperative at any time we determine.

F. Charitable Contribution. You may choose to participate in our Charitable Contribution Program. If you do, you will pay One Hundred Dollars ($100) to a charitable organization we designate on or before the first day of each month.

7. WAXING THE CITY STUDIO PREMISES

A. Opening. You may not initially open your Waxing Studio for business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled and we have approved your opening date; (2) the Initial Training Program is completed to our satisfaction; (3) all amounts due to us and our affiliates have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by this Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions in this Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received and installed all equipment, supplies, inventory and computer systems that we require. If you open your Waxing Studio for business before you have received our consent to do so, you must pay our then-current "Training Compliance Fee" (currently $2,500 for unauthorized openings).

Unless otherwise agreed in writing by us, you must open your Waxing Studio on or before the Required Opening Date, but in no event more than twelve (12) months from the Effective Date; provided, however, we will give you a one-time opportunity to extend this date by three (3) months subject to you paying us an extension fee of Five Hundred Dollars ($500), and signing an extension agreement in the form we provide. If you have engaged one of our affiliates to provide you with site selection services and you are actively working with such affiliate to obtain a site, we will waive the extension fee. However, if you are converting an existing waxing business to a Waxing the City® studio, you must complete all remodeling and open your Waxing Studio in accordance with the terms of this Agreement within ninety (90) days of the Effective Date. Notwithstanding the foregoing, if you are entering into this Agreement pursuant to the terms of an Area Development Agreement executed between you and us, you will open your Waxing Studio on or before the date set forth in the "Development Schedule" (as defined in the Area Development Agreement), unless we otherwise agree to an extension. In each case, you must thereafter diligently operate your Waxing Studio in accordance with this Agreement for the entire remaining term of this Agreement. Your failure to open your Waxing Studio on or before the Required Opening Date will constitute a default of this Agreement and allow us to terminate this Agreement.

B. Relocation. You may not move or relocate your Waxing Studio without our prior written consent, which consent shall not be unreasonably withheld.

1. The request for relocation must be made in writing, stating the new location, received by us at least sixty (60) days prior to the date of intended relocation, and be accompanied by a relocation fee of One Thousand Five Hundred Dollars ($1,500). You must also pay any expenses we incur in reviewing the new location. The new location must be within the Protected Territory (as defined below), and it may not be located within any territory we grant to any other franchisee. We will refund the relocation fee to you if we do not approve your new location.

2. Upon receipt of our approval, you must upgrade the new space to comply with all of our current specifications, and construct the new premises in the manner required under Section 9.A.

3. Following your relocation, we or our designee will conduct a security inspection of the premises to assure all security equipment has been properly installed. You also consent to our amendment of the Rider to indicate the new location and any update to your Protected Territory.

8. PRE-OPENING AND ONGOING COMPANY OBLIGATIONS/TRAINING

Our pre-opening obligations to you include those set forth in Sections 1, 6, 8 and 9.

A. Location. We will provide you with consulting services to assist you in determining the evaluation criteria for selecting the site location for your Waxing Studio as described above.

B. Prototype Floor Plan. Before you begin construction of your Waxing Studio, we will provide you with a prototype floor plan, as well as a list of the equipment, displays, fixtures and furnishings for your Waxing Studio. It will then be your obligation to conform the prototype plans to your space, and to construct your premises in accordance with the provisions of this Agreement in compliance with all local laws.

C. Initial Training. We will, at our expense, provide an initial management training program to educate and acquaint your management team with the business of operating a Waxing the City studio. The training program will include instruction on basic operating skills and other topics we select. If you have more than one Franchise Agreement with us, we may, at our option, provide this training program one (1) time for multiple agreements. The person you designate as your principal operator (whether you, if you are an individual, or one of your owners if you are an entity) (the "Principal Operator") must attend one of the next two (2) Initial Management Training Programs we offer following our acceptance of this Agreement, and before you open your Waxing Studio, and successfully complete the training program. In addition, someone owning a ten percent (10%) or greater interest in your Waxing Studio and signing or guaranteeing this Agreement (a "Principal Owner"), if other than the Principal Operator, must also attend one of these next two (2) Initial Management Training Programs, and successfully complete the training program**.** If anyone other than a Principal Owner attends this training program, we will require they sign a confidentiality agreement that meets our requirement before they may attend and you must provide us a copy of that agreement. The duration of the training program will be at our discretion, but generally will be for five (5) days and will be scheduled by us in our discretion. You will be responsible for travel costs, room and board, salaries, fringe benefits, and other expenses incurred by you and your employees in attending the training program. In addition, we will, at our expense, provide you with an on-site training program within the first sixty (60) days after your Waxing Studio initially opens. This on-site training program will last up to two (2) days and provide training on on-site studio operations and customer experience.

D. Initial Cerology Training Program. Each person you employ in your Waxing Studio as an aesthetician must complete our Cerologist CORE Training Program (the "Initial Cerology Training") and receive our Cerologist™ certification (a "Cerologist") before that individual may provide any waxing or other services at your Waxing Studio. We provide to you resources and support for the Initial Cerology Training for your aestheticians before you begin operating your Waxing Studio. At our discretion, we may provide Initial Cerology Training at your Waxing Studio, virtually, or in another location which we may designate in our discretion. If we provide Initial Cerology Training in-person at any location, then you must pay our then-current per diem fee, plus travel and lodging expenses, per corporate trainer. We reserve the right to charge our then-current fee for virtual support and those charges may be paid to us or a third party. If you hire additional aestheticians, they will need to complete the Initial Cerology Training virtually or at such other site as we designate. You will also be responsible for all travel and living expenses for all your employees who to complete the Initial Cerology Training, if applicable. Training provided by us or our designees is subject to availability. If you offer any services from your Waxing Studio for which you have not completed the required pre-requisite training, you must pay our then-current Training Compliance Fee (currently $500 to $2,500).

E. "Vitals" Training. We will conduct a "Vitals" training programs at our corporate office or at another location we designate. This program may be a live or virtual event. During the first ~~twelve~~twenty four (~~12~~24) months following the opening of your Waxing Studio, a Principal Owner must attend either the Vitals program (if offered) or our conference~~, and each in each year thereafter that we do not offer a conference, a representative of the Franchisee, whether a Principal Owner, the Principal Operator, or your manager, must attend the Vitals program~~. You may send additional people to these programs. There is currently no charge for attending the Vitals program but you must pay all travel and living expenses you and your employees incur. We reserve the right to charge for this training in the future.

F. Conference. A Principal Owner is required to register for and attend our conference, if and when we have them. If a Principal Owner cannot attend the conference, we will consider allowing you to transfer the registration to your Principal Operator, but to no other person. Additional representatives of yours may also attend the conference, as long as you register them and pay the then-current registration fee for their attendance. This conference may be a live or virtual event. You must also pay for all travel and living expenses incurred by you and your representatives in attending the conference. If you fail to register for our annual conference, we will bill you for the then-current "early bird" (or similar) conference fee after the conference.

G. Additional Training Programs. Throughout the remaining term of this Agreement, we will make available additional training which we deem advisable to familiarize you and your management team on changes and updates in the System. We may also require Cerologists and/or other personnel to attend additional optional and required training programs during the term of this Agreement. You must pay us our then-current fee for such additional training programs plus the cost of travel, lodging and meals, and we will adjust these fees periodically, as described in the Manual.

H. Training for Additional Services. We may also offer training programs for additional services that you may offer and sell at your Waxing Studio. These training sessions may be offered at our corporate offices, virtually, or at another location we designate, in our sole discretion. You must pay us our then-current fee for such additional training programs, which may vary among the additional services being offered and the location of the training, plus the cost of travel, lodging and meals, and we will adjust these fees periodically, as described in the Manual. Some additional service offerings require training by third parties, and you must directly pay these third parties their current training fees for any training they provide. You are not permitted to offer or sell any of these additional services at your Waxing Studio unless you complete our then-current advanced training program for such additional service, whether provided by us or a third party as we may require.

I. Continuing Engagement Credits. Each calendar year that your Waxing Studio is open, you must obtain at least one thousand two hundred (1,200) continuing engagement credits within the Waxing the City system. These are credits we will establish from time to time for attending various training programs, and for other participations in the Waxing the City system. If you fail to meet this requirement in any year, you must pay a fee of One Dollar ($1.00) per Waxing Studio for each credit for which you are deficient, which we will deposit in the General Advertising and Marketing Fund. (The minimum required credits do not increase for each franchise you own, but if you do not meet the minimum credit requirement, the fee is payable with respect to each franchise agreement containing this provision.) The fee is due the first quarter of the following year. The number of required credits will be prorated for any partial year your Waxing Studio is open.

J. Manual. We will loan you one copy of the manual in which we describe the System operational policies, standards, requirements and practices (the "Manual"). The Manual may be loaned to you by providing you access to an electronic version of the Manual. The Manual contains mandatory and suggested specifications, standards and operating procedures that we have developed for Waxing the City studios and information relating to other obligations of you. You will comply with and operate your Waxing Studio in conformance with all mandatory provisions of the Manual. We have the right to revise the Manual at any time or add additional manuals. You will incorporate all revisions into the Manual, and at all times the Manual (including any additional manuals) will remain on the premises of your Waxing Studio. You will not make copies of any portion of the Manual without our prior written consent. You acknowledge that the required provisions of the Manual are designed to protect our standards and systems and our Marks and to create a uniform customer experience, and not to control the day-to-day operation of your Waxing Studio.

K. Mystery Shopping. We will arrange a mystery shopping service to periodically shop your Waxing Studio during the term of this Agreement. We will provide those results to you so that you can make any changes necessary to improve the service experience for your customers.

L. Other Ongoing Assistance. During the operation of your Waxing Studio, we will make available to you from time to time all changes, improvements and additions to the System and all supplements and modifications to the Manual, and will make a representative available to speak with you on the telephone, or at our option, on our intra-net, during regular business hours, to discuss your operational issues and support needs. If you require additional operations or customer experience training beyond what we provide, you can request that we send a representative to provide further assistance to you. If we agree to provide this additional assistance, we must agree in advance to the charges you will pay and the length of the visit. We may also require you to receive additional assistance if you are not meeting our requirements, if we determine, in our sole discretion, additional pre-opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive or correct any deficiencies in your Waxing Studio. Our current rate for this additional assistance is ~~Five Hundred~~One Thousand Dollars ($~~500~~1,000) or One Thousand Five Hundred Dollars ($~~1,000~~1,500) per day, per representative, plus the cost of travel, lodging and meals, but we reserve the right to adjust this rate periodically, as described in the Manual.

M. Nature of Assistance and Training. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your Waxing Studio, you must notify us in writing within thirty (30) days following the opening of your Waxing Studio or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment, and complied with all representations made to you.

N. Annual Recertification Training. We may require your Cerologists to participate in an annual recertification training program, which will include an on-site review of your Cerologists' technical skills and the provision of additional Cerologists training as necessary. You must pay us our then-current daily fee plus the cost of travel, lodging and meals. We do not currently require this training, but reserve the right to do so upon 90 days' written notice to you.

O. No Show Fee. If a franchise business consultant is scheduled to conduct an on-site visit at your Waxing Studio, or if you register for a training program and you cancel, failure to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program, and you did not provide us with at least two (2) weeks prior written notice that you or appropriate parties will not be attending, then you must pay us the greater of our then-current no show fee or the actual costs and expenses of rescheduling our travel arrangements.

9. APPEARANCE AND OPERATION OF YOUR WAXING STUDIO

The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, standards of quality and service regarding the business operations of Waxing the City studios so as to protect the distinction and goodwill represented and symbolized by the Marks and System. You must abide by those standards and the provisions set forth below unless otherwise authorized by us in writing.

A. Construction. Your Waxing Studio must be developed in accordance with applicable laws, regulations, codes and other governing requirements, as well as our mandatory specifications (the "Mandatory Specifications") that we provide to you, and with any studio specific layout that we provide to you ("Compliance Drawing"). You may not begin construction of your Waxing Studio until you have received our written consent to your actual design for your Waxing Studio via your Compliance Drawing. You must supply us with accurate site information for your proposed location to allow us to create a Compliance Drawing for you. This information will include, but not be limited to, as-built drawings, surveys, technical data, construction documents and site plans. If you are developing a new Waxing Studio, we will provide you with one Compliance Drawing at no additional cost. If you require additional Compliance Drawings, you must pay us Two Hundred Fifty Dollars ($250) for each additional Compliance Drawing.

1. Promptly after you have obtained possession of the site for your Waxing Studio, you will: (i) retain the services of a licensed and qualified architect and/or design professional(s) to create a complete set of detailed construction documents in strict accordance with the Compliance Drawing and our Mandatory Specifications ("Construction Documents"), and to complete construction of your Waxing Studio in accordance with such Construction Documents; (ii) retain the services of a general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our Mandatory Specifications; (iv) purchase or lease, and then, in the construction of your Waxing Studio, use only the building materials, equipment,

fixtures, furniture and signs we have approved; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and signage lease in decorating your Waxing Studio in full and strict compliance with the plans and specifications we approve, and with all applicable ordinances, building codes and permit requirements without any alterations; (vi) obtain all customary contractors' sworn statements and partial and final waivers; and (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act.

2. If you do not use our designated architectural vendor to create your Construction Documents, you must pay our then-current fee to review and approve your Construction Documents .

3. We may designate a construction management services vendor to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits, and to assist you through construction. If we require you to use a designated vendor for construction management services, you must pay such vendor the then-current fee for construction management services.

4. If your Waxing Studio is not constructed strictly according to the plans we have approved and our Mandatory Specifications, we may not approve you to open for business. If we do not approve your opening, you will have thirty (30) days from the date we deny our approval for opening to correct all the construction problems so that your Waxing Studio is strictly constructed according to our approved plans. If you fail to correct the problems within this 30-day period, we may immediately terminate this Agreement. If your Waxing Studio opening is delayed for these or any other reasons, you will be responsible for any losses or costs relating to such delay. In any event, you may not open your Waxing Studio until all of these problems have been resolved to our satisfaction and if the time period to correct the problems extends past the Required Opening Date you will only have to the Required Opening Date to correct the problems, unless we extend the Required Opening Date.

5. You will make no changes to any building plan, design, layout or decor, or any equipment or signage in your Waxing Studio without our prior written consent, and such changes may not be contrary to the Mandatory Specifications.

B. Signs. You will prominently display, at your expense, both on the interior and exterior of your Waxing Studio premises, signs in such form, color, number, location and size, and containing such Marks as we designate. We also may require you to use illuminated signs. You will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. You will not display in or upon your Waxing Studio premises any sign or advertising of any kind to which we object.

We also have a designated vendor who provides the interior and exterior signage for your Waxing Studio. If you choose to use a vendor other than our designated vendor, you must pay us a fee equal to One Thousand Nine Hundred Dollars ($1,900) to review and approve the signage fabrication drawings. You must provide us with detailed fabrication drawings and material samples prior to fabrication. All signage and graphics must meet the same quality, resolution, material and fabrication standards and techniques used by our designated vendor.

C. Services. You will conform to all quality and customer service standards prescribed by us in writing.

D. Maintenance of Premises. You will paint and keep in an attractive, clean and sanitary condition the interior and exterior of your Waxing Studio premises. All equipment will be kept in good working order and will meet our quality standards.

E. Approved Information System. We may designate the information system used in your Waxing Studio, including the technology systems used in your Waxing Studio, including the point of sale system, computer hardware and software, security systems, audio and video systems, related components, cloud based technology and other equipment and enhancements (the "Information System"). In such event, in connection with the Information System, you agree to the provisions set forth below.

1. You must acquire the right to use the Information System, obtain peripheral equipment and accessories and arrange for installation, required maintenance and support services, and interfacing of your Information System with our accounting system, all at your cost. Installation must be performed by a person we have approved and trained. You acknowledge and agree that you may be required to purchase the Information System from us or our affiliates, or from other mandatory suppliers or vendors that we approve.

2. We will have the right at all times to access the Information System and to retrieve, analyze, download and use all software, data and files stored or used on the Information System. We may access the Information System in your Waxing Studio or from other locations. You will store all data and information on the Information System.

3. As upgrades to the hardware and/or software are developed, we may require you to obtain and install any or all of these upgrades. We also may require you to replace any hardware or software used in the Information System. You are responsible for the cost of all replacements and upgrades, including any initial and/or ongoing license, support or service fees.

4. You must have e-mail and high-speed Internet access capabilities at your Waxing Studio. We may require you to use one or more designated vendors and/or software programs for mass marketing conducted via email, text messages, and/or other forms of communications.

5. You hereby release and agree to hold us and our affiliates, and our respective officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

6. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, failures or attacks. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Waxing Studio, unless otherwise directed by us.

F. Payment of Amounts You Owe Us or Our Affiliates. You agree that your obligation to pay all amounts owing to us and to our affiliates is independent of any other obligation either of us have in this Agreement, and that all amounts owing to us and to our affiliates, as well as to your other suppliers, lessors and creditors, must be timely paid. You agree that you will not withhold payment of any Royalty Fees, General Advertising and Marketing Fund Contributions or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, General Advertising and Marketing Fund Contributions or any other amounts due. You agree to sign and deliver to us, our bank(s) and your bank, as necessary, all forms and documents that we may request to permit us to debit your account, either by check, via electronic funds transfer or other means or methods as we may designate ("Payment Methods") for all fees and payments due to us and to our affiliates. You will notify us at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and will not affect any obligation or liability for amounts owed.

1. If any check that you submit to us is returned for insufficient funds, or if we are unable to collect funds via the Payment Methods due to insufficient funds, you will pay us an Insufficient Funds Fee of One Hundred Dollars ($100) for each returned check and each time we were unable to collect monies via the Payment Methods.

2. You grant us a first priority security interest in your receivables and equipment, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. However, we will subordinate our first priority interest to a lending institution that provides you financing for your Waxing Studio.

3. If you have not timely reported the Gross Revenue for your Waxing Studio to us for any reporting period, then we will be authorized, at our option, to debit your account for (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenue was provided to us; or (b) the amount due based on information we have retrieved from your operating system.

G. Technology Platforms. Except as described in the Manual or otherwise in writing, we reserve the sole right to advertise the System on the Internet or sell any products or services on the Internet or any mobile or electronic application (or any current or future form of electronic platform or communication). You may not establish or have established any digital or electronic medium or method of communication, including a website, web page, review or opinion page, social media and/or social networking site, channel, avatar, profile, including an online business profile, account, hashtag, user name or application, whether web-based or otherwise, relating to or making reference to us or the Marks, your Waxing Studio, or to the System. You must participate in any Internet website, home page, web pages, electronic mail, social media sites, applications, online platforms, and other current or future forms of electronic communications that we require (collectively the "Technology Platforms"), as described in the Manual or otherwise in writing. You must use the Technology Platforms to communicate with us, including email and messaging. To the extent that you may control or access any Technology Platform, the Technology Platforms must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You must maintain any Technology Platform you control or access in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. You must submit all content for any Technology Platform to us for our prior written approval before using such content. You must pay us or our designee (which may be our affiliate) the then-current fees for the access to, modification of and maintenance of the Technology Platforms. We may modify, suspend, replace, discontinue or add to any Technology Platforms at any time and you must comply with such changes at your expense. We retain sole ownership of the Technology Platforms, including any domains names, content, email addresses and information stored on the Technology Platforms. Your access to the Technology Platforms will automatically terminate upon expiration or termination of this Agreement. You hereby release and agree to hold us, our officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature, arising from, or in connection with, the creation, operation, or maintenance of the Technology Platform, unless such liability arises out of our gross negligence or intentional acts.

H. Technology Support Fee. Beginning upon the opening of your Waxing Studio, you will be required to pay to us, our affiliate, or our designee, our then-current Technology Fee for the license and ongoing support for our designated studio management software, for email hosting, for website maintenance, and for maintaining a web page as part of the Technology Platform. If we do not directly provide these services, you will be required to sign a separate agreement with our designated provider of these services (which may be an affiliate of ours). We may increase the Technology Fee upon written notice to you.

I. Compliance with Our Standards. You will operate your Waxing Studio through strict adherence to any mandatory standards, specifications and policies of the System as they exist from time to time, in order to ensure compliance with the quality standards of the System. You may offer from your Waxing Studio only those products and services that we approve. We have the right to change the products and services that we require you to offer from your Waxing Studio at any time, without limitation. You will at all times be responsible for the conduct of the day-to-day operation of your Waxing Studio and for the terms of employment for your employees.

1. You acknowledge that the mandatory standards, specifications and policies we establish are not aimed at the day-to-day operation of your studio, which will solely be within your control, but are merely intended to preserve the goodwill of the System and Marks.

2. Periodically, as we deem appropriate, a representative of ours may visit your Waxing Studio to ensure compliance with our required standards, specifications and procedures. You will allow our representative to inspect the condition and operation of your Waxing Studio and all areas of your Waxing Studio at any time during your business hours. Such inspections may include, without limitation, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures.

a. We will provide you a copy of the report at your request. If your Waxing Studio does not receive a passing score from a visit, a new inspection will be conducted. This process will be repeated until you have received a passing score. At our option, and in addition to any other rights we may have, you must pay us a failed inspection fee we establish for each failed inspection to defer any costs we incur in re-inspecting your Waxing Studio after the first inspection. This fee will be payable in the manner we specify.

b. We may, from time to time, make suggestions and give mandatory instructions with respect to your operation of your Waxing Studio, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System.

c. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this Agreement or the Manual. Furthermore, these visits will not create any responsibility or liability on our part.

d. If you request that we make additional visits to your Waxing Studio, you will pay the fees we establish for those visits.

3. If you fail to maintain the premises of your Waxing Studio in a condition that satisfies our reasonable requirements, or if you otherwise fail to comply with any provision of this Agreement, we may, upon not less than three (3) days' notice to you, order or accomplish the cleaning of the premises, and/or designate one of our representatives to assist you in fulfilling your obligations under this Agreement, and you will be responsible to pay us for all costs we incur in doing so and all fees we set for providing assistance to you. However, our action in exercising this option does not relieve you from your obligation to properly maintain the premises of your Waxing Studio and to comply with the terms of this Agreement, each of which shall be your sole responsibility.

J. Compliance with Laws. You will, at your expense, comply with all applicable local, state, federal and municipal laws, ordinances, rules and regulations pertaining to the operation of your Waxing Studio, including, without limitation, any and all licensing and bonding requirements, health and safety regulations, labor and employment laws, and the Americans with Disabilities Act. You will, at your expense, consult an attorney to obtain advice with regard to compliance with all laws relating to the operation of your Waxing Studio. Further, you will, at your expense, be exclusively responsible for determining the licenses and permits required by law for your Waxing Studio, for filing, obtaining and qualifying for all such licenses and permits, and for maintaining all necessary licenses and permits throughout the term of this Agreement. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Waxing Studio. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Waxing Studio, unless otherwise directed by us.

K. Payment of Liabilities. You will timely pay all of your obligations and liabilities, including, without limitation, those due and payable to us and our affiliates, and to your suppliers, lessors and creditors.

L. Taxes. You will promptly pay all federal, state and local taxes arising out of the operation of your Waxing Studio. We will not be liable for these or any other taxes and you will indemnify us for any such taxes that may be assessed or levied against us which arise or result from your Waxing Studio, including any taxes imposed by your state on any royalties or other amounts you are required to pay to us and our affiliates.

M. Personnel. You are responsible for recruiting, hiring and training sufficient personnel to operate your Waxing Studio. You must, at your cost, conduct criminal background checks on each employee (unless prohibited by law) before they begin providing any services in your Waxing Studio.

1. The people you retain to work in your Waxing Studio will be your agents and employees. They are not our agents or employees and we are not a joint-employer of these persons. It will be up to you to determine who to retain, how many people to retain (subject to any minimum staffing requirements we may prescribe), how you compensate these people, terms of employment and working conditions for your employees, when and how to discipline the people you hire, and when and how to terminate the people you hire. However, you must at all times comply with all applicable employment laws. We will not have any duty or obligation to operate your Waxing Studio, to direct your employees, to schedule your employees, or to oversee your employment policies or practices.

2. No person may perform any body or facial waxing services on any customer until they have completed our Initial Cerology Training Program, and thereafter complete any additional training programs we require for Cerologists working in Waxing the City studios. However, the fact that

we offer training to your employees from time to time does not relieve you from the primary responsibility to assure your employees are properly trained.

3. You will designate an individual to serve as the Principal Operator of your Waxing Studio. The Principal Operator will devote his/her best efforts to the supervision and conduct of the development and operation of your Waxing Studio. In addition to the other training requirements in this Agreement the Principal Operator, and anyone owning a controlling interest in your Waxing Studio if other than the Principal Operator, must complete our initial training requirements and all additional training as we may reasonably designate. You and the Principal Operator must attend and participate in any scheduled business review calls and any on-site visits by our representatives at your Waxing Studio.

4. You will be solely responsible for all wages, travel, and living expenses, and all other costs incurred by you and your employees in connection with any training or instruction that we provide.

5. You will obtain from each person you hire as an Cerologist, as Principal Operator, and as a studio coordinator or studio manager of your Waxing Studio (and all other persons performing similar functions, regardless their title), a Confidentiality Agreement, enforceable by us, and in such form as we approve, in which they agree, among others, to maintain in confidence all confidential information and trade secrets we provide to them, and not to use any of the Names and Marks except in the performance of their duties in the Waxing Studio business.

N. Photographs. We will have the right to photograph and make video or digital recordings of your Waxing Studio premises and your employees at all reasonable times. We will have the right to use all photographs and videos or digital recordings of your Waxing Studio for such purposes as we deem appropriate, including, but not limited to, use in training, advertising, marketing and promotional materials, and as evidence in any court or arbitration proceeding, to the extent the consent of any of your employees or others is required for our use of these photographs and recordings for commercial purposes, you will use your best efforts to obtain these consents. Neither you nor your employees will be entitled to any right to be compensated by us, our advertising agencies, or other Waxing the City franchisees for any use of such photographs or recordings.

O. Ownership of Information. All of the information we or our affiliates obtain from you or about your Waxing Studio, and all information in your records or ours concerning the customers of your Waxing Studio ("the Information") and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Waxing Studio (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Waxing Studio, such as customer data. The Information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement, you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement, and you authorize your payment processor to release the Information exclusively to us and/or our designees.

P. Manual. You will operate your Waxing Studio in accordance with all mandatory provisions of the Manual. You will treat the Manual as confidential, and will use all reasonable efforts to maintain the Manual as secret and confidential. You will use the Manual only in the operation of your Waxing Studio. The Manual will remain our sole property. We may from time to time revise the contents of the Manual. You agree to comply with each new or changed standard. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will control. Any required specifications, standards and operating procedures described in the Manual or otherwise exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

Q. Notices of Default: Lawsuits or Other Claims. You will immediately notify us of, and deliver to us a copy of any notice regarding, a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to your Waxing Studio. Upon request from us, you will provide such additional information as may be required by us regarding the same.

R. Your Dealings With Us and Our Affiliates. You acknowledge that when we are required to perform any services for you, we may use any third parties, including affiliates of ours, to perform those services. We may designate another party to perform, or delegate to another party the performance of, our duties and obligations under this Agreement or authorize that party to act on our behalf. If you are required to pay us a fee for services, we may have you pay that fee directly to the affiliate or third party that performs the service. However, if you are not required to pay us a fee for the service, you will not be obligated to pay any parties we contract with for services that we are required to provide to you without charge under this Agreement. We and our affiliates may also receive rebates or compensation from other parties in connection with the provision of such services.

S. Purchases. You will purchase only such types, models or brands of fixtures, furniture, equipment, millwork inventory, supplies and other items that we approve for Waxing the City studios as meeting our standards for quality, design, warranties, appearance, function and performance. Although we do not do so for every item, we have the right to approve the manufacturer or supplier of any item used in the operation of your Waxing Studio. You will not install or maintain at your Waxing Studio any newspaper racks, video games, jukeboxes, gaming machines, gum machines, vending machines, video or similar devices without our, and any necessary governmental, prior written approval. We may require you, in our sole discretion, to purchase certain fixtures, furniture, equipment, millwork, inventory, supplies, services, and other items used or offered at your Waxing Studio from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers. We may require you to offer additional services or products and some of those products or services may require that you purchase additional equipment or training for your staff.

1. You acknowledge and agree that you may be required to purchase for use in the operation of your Waxing Studio certain products (including all retail products you offer for sale), supplies or other services, including certain items comprising the Information System, the Grand Opening Program, local marketing services, mass communication services (including texts and email messages), and technology and security systems~~, that you may be required to purchase for use in the operation of your Waxing Studio may only be available~~ exclusively from us or our affiliates, or from other mandatory suppliers or vendors that we approve, in our sole discretion. You also acknowledge and agree that we may designate a single source for certain products, supplies or other services.

2. You must purchase all of the hard and soft wax, and waxing strips, you use in your Waxing Studio, and all retail products you sell in your Waxing Studio, from us or from our designated suppliers, and we may auto-ship these items to you at your cost. You must also purchase from us or our affiliate mobile device hardware and management software and services for the operation of tablets and mobile devices inside your Waxing Studio. Payment will be due on all such purchases prior to shipment.

3. If you choose to purchase any non-mandatory components of the design package specified by us for the build-out of your Waxing Studio from a different source, including millwork and

fixtures, then you must pay us a fee to inspect the opening design of your Waxing Studio or applicable fabrication drawings before you open to confirm that the components and their installation in your Waxing Studio comply with our standards and specifications. Your selected vendor must also meet any other standards and specifications we require.

4. THOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO FIXTURES, FURNITURE, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY AND ALL REQUIRED COMPUTER SYSTEMS), MILLWORK, SUPPLIES, INVENTORY OR OTHER APPROVED ITEMS.

T. Taxes on Fees. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. (For purpose of clarification, this does not apply to any federal or Minnesota income taxes that we or our affiliates must pay.)

U. National and Regional Accounts. We, or others acting on our behalf, may from time to time solicit companies or organizations to offer fixed pricing packages to their employees. You will have the right to participate in, and receive the benefits of, all such programs we establish with companies or organizations that have employees in your market. You will have the right each calendar year, by October 31, to opt out of participating in these programs for the next year. If you do not opt out by the means we specify, then you must honor the pricing that we quote for any employees of these companies or organizations who seek to use the services of your Waxing Studio. Once you opt out, you will not participate in any new programs (unless and until you opt in again), but you must continue to comply with the program requirements for any programs that were in effect before the start of the year for which you exercised your right to opt out of the programs.

V. Participation in Programs; Reciprocity. You must, at your expense, honor and participate in all customer loyalty, national campaigns, member programs, gift card, service packages and other promotional programs we require. In addition, you agree to abide by any reciprocity policy we may establish as modified from time to time. Such policy will likely prohibit you from selling any service packages or other offers that do not provide full reciprocity benefits to your customers with other Waxing the City studios, and require you to honor service packages and other approved offers sold by other Waxing the City studios.

W. Compliance with Privacy Laws. You must comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies we periodically may establish. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Waxing Studio, unless otherwise directed by us.

10. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. You acknowledge that all the information you have now or obtain in the future concerning the System and the concepts and methods of promotion franchised hereunder is derived from us pursuant to this Agreement, and that you will treat such information in confidence. You agree never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act), or the disclosure, divulgence, or distribution of all or any part of the System and the concepts and methods of promoting franchises hereunder. You will disclose such confidential information only to such of your employees as must have access to it in order to operate your Waxing Studio and use it only for the operation of your Waxing Studio. At our request, you must deliver to us confidentiality agreements and non-compete agreements in a form satisfactory to us from your owners and the spouses of your owners. The scope of the confidentiality agreements shall be consistent with the provisions of this Section 10.A, and the scope of the noncompete agreements shall be consistent with the provisions of Section 17 of this Agreement.

B. Notwithstanding any provision of Section 10.A, at your discretion, you may allow any financial institution that has loaned money to you or to your business to have access to your books and records to confirm your billings, collections, receivables, and any other financial information you have provided to the financial institution.

C. If you conceive or develop any improvements or additions to the System, new trade names, trade and service marks or other commercial symbols related to your Waxing Studio, or any advertising and promotion ideas related to your Waxing Studio ("Improvements"), you will fully disclose the Improvements to us without disclosure of the Improvements to others, and you will obtain our written approval before using such Improvements. Any such Improvement that we approve may be used by us and all our other franchisees without any obligation to pay you royalties or similar fees. You will assign Improvements to us, and hereby do assign, without charge, any rights, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvement. We, at our discretion, may make application for and own copyrights, trade names, trademarks and service marks relating to any such Improvement. We also may consider such Improvement as our property and trade secret. We will, however, authorize you to use any Improvement authorized generally for use by our other franchisees.

D. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets in limited circumstances, as specified in the Manual.

11. <u>INSURANCE; INDEMNIFICATION</u>

A. <u>Insurance</u>. You alone will be responsible for any claim, action, loss, damage, liability, injury or death arising out of, or relating to, the operation of your Waxing Studio or arising out of, or relating to, your acts or omissions or the acts or omissions of any of your agents, employees or contractors in connection with the operation of your Waxing Studio. You agree to indemnify and hold us and our affiliates and our respective officers and directors harmless against and from any and all such claims, actions, losses, liability, damages, injuries, or deaths, including costs and reasonable attorneys' fees. You will obtain and maintain in force and pay the premiums for general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage, and other insurance (including bonds) in such types as we may require (such as cyber insurance and employment practices insurance), or as required by law from time to time. All such policies will have minimum limits we may prescribe from time to time, and will be with carriers who have minimum ratings that we may prescribe from time to time. Such insurance policies will expressly protect both you, us and our affiliates and our respective officers, directors and employees, and will require the insurer to defend both you and us in any action you will submit to us, within thirty (30) days of our request, any and all loss ratios or other information we request in connection with such insurance policies. You will furnish to us copies of all insurance policies, certificates of insurance, endorsements, or other proof of insurance in the form we require, as set forth above, naming us as an additional insured, and providing that such policy will not be canceled, amended or modified except upon thirty (30) days' prior written notice to us. At our request, you will deliver to us proof of insurance in the form we require and evidence of policy renewals at least thirty (30) business days before expiration. You will have all policies of insurance provide that the insurance company will have no right of subrogation against either party hereto or their respective agents or employees. Maintenance of the insurance requirement will not relieve you of the obligations of indemnification. If you fail to obtain or maintain in force any insurance as required by this Section or to furnish any proof of insurance required hereunder, we may (but have no obligation to), in addition to all other available remedies, obtain such insurance or certificates, and you will promptly reimburse us for all insurance premiums and other costs incurred in obtaining such insurance, including an administrative fee for our time in obtaining the coverage for you. You assume all risks in connection with the adequacy of any insurance or self-insurance program and waive any claim against us for any liability costs or expenses arising out of any uninsured claim, in full or in part, of any nature whatsoever. Your obligation to obtain and maintain these insurance policies in the minimum amounts we require is not limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 11(B). Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you. The requirements of insurance specified in this Agreement are for our protection. You should consult with your insurance agents, brokers, attorney or other insurance advisors to determine the level of insurance protection you need in addition to the coverages and limits we require. If you do not obtain or maintain insurance coverage that meets our requirements and we obtain it for you, you must pay us our then current insurance handling fee plus the cost of the premiums we pay for the insurance.

B. Relationship; Your Indemnification. We and you are independent contractors. Neither we nor you will make any agreements, representations, or warranties in the name of or on behalf of the other or that our relationship is other than franchisor and franchisee. Neither we nor you will be obligated by or have any liability under any agreements, representations or warranties made by the other nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Waxing Studio. You assume sole and complete responsibility for and will defend at your own cost and indemnify, reimburse and hold harmless us, our affiliates and our respective officers and directors from and against all loss, costs, expenses, obligations and damages and liabilities (including defense costs) arising directly or indirectly out of the development or operation of your Waxing Studio, including, without limitation, claims relating to your employment practices, equipment selection, and floor plan, you or your employees' actions or inactions and any amounts we pay on your behalf. You will have the right to defend any such claim against you. We, using our own counsel, by notice to you, may control any matter in which we are named or directly affected, but this will not affect your liability to pay all attorneys' fees we incur in defending ourselves, which obligation is part of your indemnification obligation. The indemnities and assumptions of liabilities and obligations set forth in this Agreement will continue in full force and effect subsequent to the expiration or termination of this Agreement.

C. Our Indemnification. We will indemnify you against and reimburse you for any obligations or liability for damages payable to third parties and attributable to agreements, representations or warranties made by us, or caused by our negligence or willful action (so long as such obligations or liabilities are not asserted on the basis of theories such as agency, apparent agency or vicarious liability or claim of negligent failure to compel your compliance with the provisions of this Agreement, the Manual or any other agreement between you and us), and for costs reasonably incurred by you in the defense of any such claim brought against you or in any action in which you are named as a party, provided that we will have the right to participate in and, to the extent we deem necessary, to control any litigation or proceeding which might result in liability of or expense to you subject to such indemnification.

12. FINANCIAL STATEMENTS AND AUDIT RIGHTS

A. Financial Information, Reports, Inspections and Audits. Following the opening of your Waxing Studio, by the first Monday of each month, you will provide us with monthly sales information from the Waxing Studio. In addition, within thirty (30) days following your fiscal year end, you will provide us with copies of your financial statements (reviewed by your accountant), including an income statement for the fiscal year just ended and a balance sheet, cash flow statement, and any other document accompanying your financial statements, as of the end of such fiscal year, which financial statements will have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. We will also have the right to request other financial statements, reports and information from you during the year, and you will deliver those financial statements, reports and information to us when, and in the form and manner, we require. Also, on or before April 15 of each year, you must provide us with a copy of your federal tax return and the federal tax returns of your owners for the previous tax year.

1. If you fail to timely provide any information to us, you must pay us a late reporting fee of One Hundred Dollars ($100) per violation. This payment does not, however, limit our rights or excuse your compliance with this obligation, and your failure to timely report the information will be a material default under this Agreement.

2. You will make all of your financial books and records available to us and our designated representatives at all reasonable times for review. Your financial books and records for each fiscal and calendar year will be kept in a secure place and will be available for review by us for at least five (5) years after the end thereof.

3. We will have the right to audit or cause to be audited any financial information you provide to us, and your books, records, and sales and income tax returns. If any audit discloses an understatement of the Gross Revenues of your Waxing Studio for any period or periods, you will, within five (5) days of receiving the audit report, pay to all Royalty Fees and General Advertising and Marketing Fund Contributions due on the previously unreported Gross Revenues, plus late payment charges. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Revenues of your Waxing Studio for the period, you must reimburse us for the cost of the audit, including, without limitation, the charges of the person auditing your records, and their travel and living expenses.

13. ASSIGNMENT OF FRANCHISE AGREEMENT

A. By Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we will be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment.

B. Conditions to Your Transfer or Assignment. This Agreement, and your rights and obligations under it, are and will remain personal to you. As used in this Agreement, the term "Transfer" will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your Waxing Studio, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of fifty percent (50%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your Waxing Studio, the withdrawal of that person will be considered a "Transfer." A "Transfer" will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your Waxing Studio such that less than a majority of the original signators continue to have a majority interest in the equity of the business. You (and your shareholders, partners and members) will not directly or indirectly make a Transfer without our prior written consent and any transfer shall be subject to our right of first refusal, as set forth in Section 19 below. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

1. you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;

2. you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;

3. we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;

4. you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you;

5. the proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement;

6. the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of your Waxing Studio that we determine necessary to bring your Waxing Studio in compliance with our then-current standards, including any updates to your technology and security equipment that we determine necessary;

7. prior to the date of the proposed Transfer, the proposed transferee's Principal Operator successfully completes such training and instruction as we deem necessary;

8. you and all holders of an interest in you sign a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and

9. prior to the Transfer, you pay us a transfer fee. If the Transfer occurs before your Waxing Studio has opened for business, the transfer fee will be Twelve Thousand Dollars ($12,000). If the Transfer occurs after your Waxing Studio is open, then the transfer fee will be Seven Thousand Five Hundred Dollars ($7,500).

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 13(B), and may do so in the Manual or otherwise in writing.

You consent to our releasing to any proposed transferee any information concerning your Waxing Studio that you have reported to us, or that is in our files or otherwise available to us, including but not limited to financial information.

If a transfer or assignment is caused by your death or incapacity (including the death or incapacity of any person directly or indirectly owning fifty percent (50%) or more of an interest in the entity that is the franchisee under this Agreement), the provisions of this Subparagraph B must be met by the heir or personal representative succeeding to your interest; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the franchise and in your Waxing Studio within one hundred twenty (120) days after your death or incapacity, the transferee, and not the heir or personal representative, must comply with the provisions of this Subparagraph B.

Nothing in this Section will be construed as prohibiting your interests from being pledged as security to an institutional lender who has provided financing to or for your Waxing Studio, provided the institutional lender accepts such security interest subject to our conditions.

C. Acknowledgement of Restrictions. You acknowledge and agree that the restrictions imposed on transfers are reasonable and necessary to protect the goodwill associated with the System and the Marks, as well as our reputation and image, and are for the protection of us, you, and all other franchisees that own and operate Waxing the City studios.

14. OUR TERMINATION RIGHTS

A. Without Notice. You will be in default and we may, at our option, terminate this Agreement, without affording you any opportunity to cure the default, effective upon delivery of notice of termination to you, following the occurrence of any of the following events:

1. you are liquidated or dissolved;

2. your Waxing Studio is not constructed strictly according to the plans we have approved and you do not remedy the deficiencies within thirty (30) days after notice from us;

3. you fail to operate for seven (7) consecutive days (unless prevented from doing so by fire, flood, or acts of nature), or otherwise abandon your Waxing Studio, or forfeit the right to do or transact business in the jurisdiction where your Waxing Studio is located, or lose the right to possession of the premises in which your Waxing Studio operates;

4. you or any of your owners make an unauthorized Transfer under this Agreement;

5. you or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of, or plead guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks or the goodwill associated therewith;

6. you are given three (3) or more notices of being in material violation of any of the terms or requirements of this Agreement within any twelve (12) month period, whether or not such defaults are timely cured after notice;

7. you misuse or make any unauthorized use of the Marks and do not cease such misuse or unauthorized use within twenty-four (24) hours' notice from us;

8. you maintain false books or records or submit any false or misleading application, statement or report to us, whether in applying for the franchise or during the term of this Agreement;

9. you fail to open the Waxing Studio for business to the general public by the Required Opening Date in the Rider to this Agreement; ~~or~~

10. you, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System; or

11. you fail to comply with our requirements for securing real estate.

B. With Notice and Failure to Cure. Except for those defaults provided for under Section 14.A above, you will be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or any other agreement you or any of your affiliates have with us or with any of our affiliates, or in any Manual, policy or procedure statement or other written document provided by us, or to carry out the terms of this Agreement in good faith. Before we terminate this Agreement as a result of such defaults, we will provide you with thirty (30) days written notice of your default. If the defaults specified in such notice are not cured within the thirty (30) day period (either by you or by any financial institution that has loaned money to you or to your business), we may terminate this Agreement upon the expiration of the thirty (30) day period without further notice. Such defaults will include, without limitation, the occurrence of any of the following events:

1. you fail to construct or remodel your Waxing Studio within the time provided for in this Agreement;

2. you fail, refuse, or neglect to promptly pay when due any monies owing to us, to our affiliates, or to other creditors you have, or to submit the financial or other information required under this Agreement;

3. a threat or danger to public health or safety results from the construction, maintenance, or operation of the Waxing Studio;

4. you offer or sell non-approved products or services; or

5. you, by act or omission in connection with the operation of your Waxing Studio, permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body; provided, however, that if such act or omission damages the goodwill associated with the System or the Marks, we will have the right to terminate this Agreement if you do not cure such default within twenty-four (24) hours after notice from us.

C. Standard Default Fee. In addition to our right to terminate the Franchise Agreement, if you breach your obligations under this Agreement and fail to cure the default within the applicable cure period provided above, you must pay us our then-current "Standard Default Fee" on a monthly basis until the default is cured in order to offset our costs incurred to address the default. The Standard Default Fee is in addition to any fee that the PCC may levy against you.

D. Applicable Law. If the provisions of this Section 14 are inconsistent with applicable law, the applicable law will apply.

E. Pre-termination Options. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement, or notify us that your Waxing Studio is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

1. remove the listing of your Waxing Studio from all advertising published or approved by us;

2. cease listing your Waxing Studio on any Technology Platforms;

3. prohibit you from attending any meetings or programs held or sponsored by us;

4. terminate your access to any computer system or software we own, maintain or license to you (whether licensed by us or by one of our affiliates);

5. suspend all services we or our affiliates provide to you under this Agreement or otherwise; and/or

6. contact your landlords, lenders, suppliers and customers regarding the status of your operations, and provide copies of any default or other notices to your landlords, lenders and suppliers.

Our actions, as outlined in this Section 14.E may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise. Further, you acknowledge that the taking of any or all such actions on our part will not deprive you of the most essential benefits of this Agreement, and will not constitute a constructive termination of this Agreement.

15. YOUR TERMINATION RIGHTS: NOTICE REQUIRED

You may terminate this Agreement upon ten (10) days' notice to us if we violate any material obligation to you and fail to cure such violation within thirty (30) days after our receipt of written notice from you; provided, however, that you must be in compliance with the Agreement at the time of giving each notice and at the time of termination. Your written notice of our alleged violation must identify the violation, demand that it be cured, and indicate your intent to terminate this Agreement if it is not cured.

16. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, and you will have the obligations set forth below, which obligations survive the expiration or termination of this Agreement, along with any other provisions of this Agreement which by their nature may or are to be performed following expiration or termination of this Agreement:

A. You will immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as an Waxing the City franchisee with respect to such business.

B. You will immediately and permanently cease to use, in any manner whatsoever, all confidential information, approved Information System and related software, methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the System, as well as any name, mark, symbol, logo or slogan similar to any of the Marks. You will also specifically authorize us to physically remove any signage bearing any of the Marks that you may fail to remove. Further, if we elect to remove such signage, you will, upon demand, reimburse us for any costs we incur in doing so.

C. You will immediately return to us the Manual, all copies or excerpts thereof, and any property held or used by you that is owned by us and will cease to use, and either destroy or convey to us, all signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks.

D. Subject to Section 16.H below, you will take such actions as may be necessary to cancel any assumed name or similar registration that contains the Mark "Waxing the City®" or any other Mark, and will immediately and permanently refrain from and cease all use of the Mark "Waxing the City" or any other Mark on or in any Technology Platforms and cancel any Technology Platform you control as we direct. You agree and acknowledge that your continued use of the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. § 1117) entitling us to recover treble damages, costs and attorneys' fees.

E. You must within ten (10) days after termination or expiration of the Agreement, reimburse to customers all service packages purchased for services that have not been redeemed, on a pro-rata basis, if: (i) the service packages are available for redemption only at your Waxing Studio; or (ii) the nearest Waxing the City studio available for redemption is located ten (10) or more miles from your Waxing Studio. For example, if a customer purchased a service package at a cost of One Hundred Dollars ($100) for ten (10) services, and at the time of termination or expiration had only used five (5) services (50% of the total services purchased), then you must pay the customer Fifty Dollars ($50) (or 50% of total fees paid).

F. You will, within ten (10) days after termination or expiration of this Agreement, make such modifications and alterations to your Waxing Studio premises as may be necessary to distinguish the appearance of the premises from all attributes of the System and will make such specific additional changes thereto as we may request. You agree that, at a minimum, such modifications will include: (i) removal of all signage; (ii) alteration of the color scheme and decor; and (iii) discontinuation of the use of any item containing any of the Marks.

G. Within five (5) days after termination, you will pay to us all amounts owed to us under this Agreement, including the Royalty Fees that would be due through the date this Agreement was scheduled to expire. Further, if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within thirty (30) days following notice from you, such sums will include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default and the termination. You agree that until such obligations are paid in full, you hereby grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located on your Waxing Studio premises on the date this Agreement terminates or expires and authorize us to file financing statements and other documents we deem appropriate to perfect such lien.

H. If requested by us, you will take all further action and execute all documents necessary to convey and assign to us all telephone and fax numbers that have been used in the operation of your Waxing Studio, as well as any other registrations or listings for any Technology Platforms that include the words "Waxing the City" or if we do not so request, you will cease all use of such telephone numbers and Technology Platforms that include the words "Waxing the City."

I. You will comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete and the covenants not to disclose trade secrets or confidential information.

J. We may, if you fail or refuse to do so, execute in your name and on your behalf, any and all actions and/or documents that may be necessary to affect your obligations under Sections 16.D and 16.H, and you hereby irrevocably appoint us as your attorney in fact to do so, which appointment is coupled with an interest.

K. You will furnish us with written evidence satisfactory to us of compliance with all the obligations set forth in this Section 16 within thirty (30) days after termination or expiration of this Agreement.

L. Upon expiration or termination of this Agreement, we have the option, upon thirty (30) days' written notice from the date of expiration or termination, to purchase from you all or any portion of the tangible and intangible assets relating to the Waxing Studio, including the Waxing Studio premises if you own the Waxing Studio premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to take an assignment of your lease for (1) the Waxing Studio premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Waxing Studio. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the assets of the Waxing Studio will be the "Book Value" (as defined below) of the Purchased Assets. "Book Value" means the net book value of the Purchased Assets, as disclosed in the last statement of the Waxing Studio provided to us under Section 12 before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value; (2) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value. We and you will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver notice of our election to purchase the assets of the Waxing Studio, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Waxing Studio without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Waxing Studio, we may, pending the closing, appoint a manager to maintain Waxing Studio operations.

If we assume any leases for the premises for the Waxing Studio or if we assume the leases for other tangible leased assets used in the Waxing Studio under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interests and will pay in full all amounts due the lessor under the leases existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume any leases.

17. YOUR COVENANTS NOT TO COMPETE

A. During Term. You will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any business that offers hair removal services, wherever located, whether within the Protected Territory or elsewhere.

B. After Expiration, Termination, or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in offering hair removal services, which is located within the Protected Territory or within a ten (10) mile radius of any Waxing the City studio, wherever located, whether within the Protected Territory or elsewhere.

C. Reasonableness. You agree that the scope of the prohibitions set forth in Sections 17.A and 17.B are reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in Section 17.A must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions set forth in Section 17.B are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise have training or experience.

D. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section 17 so long as you do not own, directly or indirectly, more than five percent (5%) of the securities of such corporation.

E. Relief. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of your alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. In addition, if you violate the restriction provided for in Section 17.B, the period of time during which the restriction will remain in effect and be extended until two (2) years after you cease violating the restriction.

18. ENFORCEMENT

A. Injunctive Relief/Attorneys' Fees. We and you will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to (i) enforce your and our rights to terminate this Agreement for the causes set forth in Paragraphs 15 and 16 of this Agreement and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with our or your business, including but not limited to, the enforcement of obligations upon termination or expiration of this Agreement and the enforcement of the non-compete provisions of this Agreement. You and we will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If we are successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and/or defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses and interest on such costs. Your and our respective rights to obtain injunctive or other equitable relief is in addition to any other right we or you may have under this Agreement. It will in no way limit or prohibit us from obtaining money damages from you if you breach this Agreement.

~~B. Peer Compliance Committee. We may establish a Peer Compliance Committee (the "PCC") to review certain claims you or we may make against each other. Specifically, if we establish the PCC, and you feel we have violated any of our obligations under Section 8 of this Agreement, you may submit your claim to the PCC. If we establish the PCC, and we believe you have violated any of your obligations under Section 9 of this Agreement, we may submit that claim to the PCC. (Unless we each agree, no claims or violation of any other provision of this Agreement may be submitted to the PCC.)~~

~~1. If we establish the PCC, we will also establish terms and procedures for the review of complaints by the PCC (the "PCC T&P"). If either of us submits a claim for violation of the foregoing sections to the PCC, the PCC will conduct a hearing and review the claim in accordance with the PCC T&P. If the PCC determines a breach has occurred, it may levy a fee against the breaching party, subject to maximum amounts set forth in the PCC T&P. If a party is found to be in breach and that party does not cure the breach within thirty (30) days after receipt of notice of the decision of the PCC, or such other reasonable period determined by the PCC (but not less than ten (10) days nor more than ninety (90) days after the decision is received by the party), the PCC will have the authority to levy additional fees in accordance with the PCC T&P. If either of us fail to pay a fees that is levied within ten (10) days following receipt of notice of the levy, that failure will be deemed a material breach of this Agreement.~~

~~2. The submission of claims to the PCC will not be the sole remedy for breach of Sections 8 or 9 of this Agreement, and each of us may also pursue any other remedies for breach that are permitted under this Agreement.~~

B. ~~C.~~ Mediation. Except where it is necessary for either you or us to obtain equitable relief to preserve the goodwill of our respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), you and we each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of four (4) hours, prior to initiating any legal action or arbitration against the other.

1. Upon written notice by either you or us, to the other, of your or our desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 18.~~C~~B did not exist, or, at its option, make the selection of the organization to provide mediation services. If you or we select an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to us and to you. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If you and we cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. You and we will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless you and we both agree otherwise, the mediation will be held in a metropolitan area with at least 250,000 persons that is not located within one hundred (100) miles of either your principal office or our principal office.

2. Except for the matters identified above where you or we are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 18.~~C~~B), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section 18.~~C~~B.

C. ~~D.~~ Arbitration. Except insofar as you or we elect to enforce this Agreement by judicial process and injunction as provided in Section 18.A~~ hereof~~, all disputes and claims arising out of or relating to this Agreement, or to the breach thereof, or to any of our standards or operating procedures, or other obligation of either of yours or ours, or to the breach thereof (including any claim that this Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of yours or ours is illegal, unenforceable or voidable), or any aspect of the relationship between you and us (even if additional persons are named as parties to such action), must be resolved by arbitration in Minneapolis, Minnesota, or if our principal office is not located in Minnesota, then at the office of the American Arbitration Association located closest to our principal office. It is our intention that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

1. The arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration).

2. The arbitrator appointed must have at least ten (10) years' experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. However, if an arbitrator, notwithstanding the foregoing, determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

3. You and we each agree that any award from the arbitrator may be appealed under the Optional Appellate Arbitration Rules of the American Arbitration Association.

4. You and we acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 18.~~D~~C.

5. Unless this Agreement is terminated in accordance with the provisions of Paragraphs 15 or 16, during the pendency of any arbitration proceeding, you and we will fully perform the requirements of this Agreement.

6. If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Subparagraph 18.A, the arbitrability of such claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

7. All arbitration proceedings will be individual proceedings between you and us, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless you and we each agree.

If, after either you or we institute an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision, is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.

D. ~~E.~~ Waiver of Punitive Damages. We and you (and your owners and guarantors if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other and against any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages sustained by it.

E. ~~F.~~ Venue. We and you (and your owners and guarantors if applicable) each agree that if litigation is permitted under this Agreement, the sole forum for litigation arising under this Agreement, or any aspect of the relationship between us (even if additional parties are named as parties to that litigation) will be the state or federal courts of Minnesota. Those actions must be exclusively venued either in the District Courts of Minnesota, County of Ramsey, or the United State District Court for the District of Minnesota. You and we each waive any objection you or we may have to either the jurisdiction or the venue of such court (except to the extent jurisdiction is preempted by the arbitration provisions of this Agreement), and you and we each consent to personal jurisdiction and venue in such court. However, if we are permitted to seek injunctive relief under this Agreement, we may, at our option, bring that action in the county in which your Waxing Studio is located.

F. ~~G.~~ Jury Waiver. YOU AND WE EACH WAIVE THE RIGHT TO A TRIAL BY JURY. This waiver applies to all causes of action that are or might be included in any such action, including claims related to the enforcement or interpretation of this Agreement, allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action and it applies even if persons that are not a party to this Agreement are named as additional parties in the proceeding.

G. ~~H.~~ Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore each agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between us. You and we therefore each waive the right to assert that principles of collateral estoppel prevent either you or us from raising any claim or defense in an action between us if either you or we lost a similar claim or defense in another action.

H. ~~I.~~ No Affiliate Liability. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of ours or of any of our affiliates will have any liability for (i) any obligations or liabilities we have relating to or arising under this Agreement, or (ii) any claim against us based on, in respect of, or by reason of, the transactions contemplated in this Agreement. This provision will not, however, affect any right, duty or obligation of ours or yours, or of any guarantor of your obligations.

19. RIGHT OF FIRST REFUSAL

If, at any time during the Term of this Agreement, you receive a bona fide offer to purchase or lease your Waxing Studio (or if you are a company, partnership or other entity, the equity ownership of you), which offer you are willing to accept, you will communicate in writing to us the full terms of the offer and the name of the offeror. We may elect to purchase or lease the business on the terms set forth in the offer. If we elect to purchase or lease the business, we will give you written notice of the election within thirty (30) days after we receive your communication of the offer. If we fail to give written notice of election within thirty (30) days, you may sell or lease to the offeror on the terms offered, subject to the provisions relating to assignment. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which we may give written notice of election to purchase or lease; otherwise, an additional notice must be given to us and an additional option period must expire prior to any such transfer. If we elect to purchase or lease the business, we will have the right to substitute equivalent cash for any non-cash consideration included in the bona fide offer to purchase or lease the business and we and you will use our best efforts to complete the purchase or lease within sixty (60) days from the date of our notice of election to purchase or lease. Our failure to exercise our rights under this Section 19 shall not affect our right to approve or disapprove the transfer as set forth in Section 13 above.

20. MISCELLANEOUS

A. Unpaid Amounts. Any unpaid amounts owed by you to us or any of our affiliates including any Royalty Fee, General Advertising and Marketing Fund Contributions and product purchases will bear interest at the rate of one and one half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. You must reimburse us and our affiliates for all costs incurred in the collection of unpaid amounts, including attorneys' fees.

B. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. You and we will substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of either of us, which is determined to be invalid or unenforceable and is not waived by the other party. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

C. Cumulative Rights. Except as otherwise set forth in this Agreement, our and your rights under this Agreement are cumulative and no exercise or enforcement of any right or remedy under this Agreement will preclude the exercise or enforcement of any other right or remedy under this Agreement or which we or you are entitled by law to enforce.

D. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) and the Federal Arbitration Act, this Agreement and the franchise relationship will be governed by the laws of the State of Minnesota. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state (including Minnesota) relating to franchises or business opportunities, other than those of the state in which the Franchised Location is located. This waiver of any rights under Minnesota law will not apply if the Franchised Location is located in Minnesota or you are a resident of (or if you are an entity, your principal(s) is a resident of) Minnesota.

E. Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed, and will place, no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or the Waxing the City franchise other than as contained in this Agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations or warrantees of earnings, sales, profits, or success of your Waxing Studio have been made to you other than as set forth in Item 19 of the FDD.

F. Approvals. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval in our discretion, for any reason, or for no reason. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable. Our approvals and consents will not be effective unless given in writing.

G. Interpretation. It is the desire and intent of you and us that the provisions of this Agreement be enforced to the fullest extent possible under the applicable laws and public policies. Therefore, if any provision of this Agreement is determined by a court or arbitrator to be invalid or unenforceable, that determination will apply only to the operation of that provision in the particular proceeding in which the determination is made. We and you agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Agreement will be construed simply according to its fair meaning and not strictly against you or us.

H. Waiver. Except as otherwise provided in this Section 20.H, neither of us will be deemed to have waived any obligation of the other, or to have agreed to any modification of this Agreement, unless we have done so in writing, and the writing is signed by the person giving the waiver or agreeing to the modification. However, you agree that you will give us immediate written notice of any claimed breach or violation of this Agreement as soon as possible after you have knowledge, or determine, or are of the opinion, that there has been a breach or violation by us of this Agreement. If you fail to give written notice to us of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date you have knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating, that you may have a claim against us or against any of our affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by you, and you will be barred from beginning any legal, arbitration, or other action against us or against our affiliates, or from instituting any counterclaim against us or our affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action we may maintain against you.

I. Time. Time is of the essence to this Agreement.

J. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via facsimile, email, or electronic signature, record, process, confirmation, or transmission attached to or logically associated with this Agreement and executed and adopted with the intent to sign.

K. Entire Agreement. The preambles are a part of this Agreement. This Agreement, together with its exhibits, constitutes the entire agreement between you and us with respect to your Waxing Studio and any other aspect of the relationship we have with you, and cannot be amended except by a written agreement signed by you and us. This Agreement also supersedes all prior agreements and negotiations we have had with you related to your acquisition of this franchise or your and our rights and obligations. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made to you in the FDD.

L. Headings and Terms. The headings of the Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections. The term "you" as used herein is applicable to one or more persons, a corporation, a partnership or limited liability company, and each of their respective owners, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If more than one person executes this Agreement for you, then your obligations are joint and several.

M. Patriot Act. You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your Waxing Studio, are identified on the list at the United States Treasury's Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither your nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

N. Personal Guaranty. You, or if you are a corporation, partnership, limited liability company or partnership, or other entity, all of your owners, will sign the personal guaranty agreement in the form attached to this Agreement (the "Guaranty Agreement"). Any person or entity that at any time after the Effective Date of this Agreement becomes an owner of yours will, as a condition of becoming an owner, sign the Guaranty Agreement. In addition, a spouse of an owner and any other person we designate must also sign the Guaranty Agreement.

21. NOTICES

Any and all notices required or permitted under this Agreement will be in writing and will be deemed to have been duly given upon the earlier of (i) when received; (ii) one (1) business day after placement with a reputable national overnight carrier; or (iii) three (3) business days after deposit (not including the day of deposit), if placed in the mail for delivery by certified mail, postage pre-paid, and, in the cases of clauses (ii) or (iii), addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to us: Waxing the City Franchisor LLC
111 Weir Drive
Woodbury, Minnesota 55125
Attention: President

Notice to you: See Rider

22. ACKNOWLEDGEMENTS

A. Independent Investigation. You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability as an independent business person.

B. Franchise Agreement. You acknowledge that you have received, read, and understood this Agreement and that we have fully and adequately explained the provisions of it to your satisfaction and that we have accorded you time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

C. Other Franchises. You acknowledge that other Waxing the City franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our Waxing the City studios (whether franchised, or studios that we or our affiliates operate), and you will not be entitled to require us to grant similar variations or privileges to you.

[THIS AGREEMENT CONTINUES WITH A RIDER AND INITIAL FRANCHISE FEE ATTACHMENT, WHICH ARE A PART OF THIS AGREEMENT]

FRANCHISE AGREEMENT RIDER

1. Effective Date: ______________________

2. Franchisee:

3. DMA:

____

____

4. Franchised Location:

____

____

You understand that we may, and we may sell franchises, and grant territories to others who will, operate Waxing the City studios in the above identified DMA. You will have to obtain our review and approval for a Franchised Location. Likewise, if you choose to move your final address at any time, or if the location set forth above, or any other location we agree upon, becomes unavailable for any reason, it is your obligation to select a new location in the DMA, and to obtain our approval of that location before you acquire the site, or obtain any rights in the location.

5. Protected Territory: ~~A radius of ___ miles around the Franchised Location.~~

____

____

6. Ownership: Franchisee represents and warrants that any entity to which this Agreement will be transferred will have the initial ownership set forth below, and that no changes will be made in such ownership without the prior written approval of Franchisor:

Name	Percentage Ownership
	___%

7. Principal Operator designated by Franchisee:

8. Required Opening Date:

9. Initial Franchise Fee (see Initial Franchise Fee Attachment).

10. Address for notice to you: ________________________________
____
____

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR:
WAXING THE CITY FRANCHISOR LLC

____
By:______________________________
Its:______________________________

FRANCHISEE:

____
By: ______________________________
Its:______________________________

INITIAL FRANCHISE FEE ATTACHMENT TO RIDER

The initial franchise fee is the one that is initialed by you and by us.

____/____ **New Franchisee** (including conversion studios): $42,500

____/____ **New Franchisee** (including conversion studios) **(Qualified Veterans Only)**: $35,000.

____/____ **Existing, Qualifying Waxing the City, Anytime Fitness, The Bar Method, or Basecamp Fitness Franchisee**: $32,500

____/____ **Existing, Qualifying Waxing the City, Anytime Fitness, The Bar Method, or Basecamp Fitness Franchisee (Qualified Veterans Only):** $30,000

____/_____ **Franchise agreement signed pursuant to an obligation you have under an Area Development Agreement:** Remaining balance due on Initial Franchise Fee as set forth in the Area Development Agreement.

____/____ **Transfer of an existing franchise or renewal of an existing franchise**: No initial franchise fee.

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between WAXING THE CITY FRANCHISOR LLC ("we" or "us") and (the "Franchisee"), dated ______________________________, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Agreement.

The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE:

PERSONAL GUARANTORS:

____
- Individually

____
Print Name

____
Address

____
City State Zip Code

____
Telephone

GENERAL RELEASE

In consideration of the agreement of WAXING THE CITY FRANCHISOR LLC ("Franchisor") to allow ("Franchisee") to [RENEW OR TRANSFER] its Franchise Agreement dated ________________ between Franchisee and Franchisor ("Agreement"), Franchisee hereby releases and forever discharges Franchisor, its affiliates, each of their predecessors, as well as their current or former members, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties known and unknown, foreseen and unforeseen, from the beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates.

~~The general release above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

[FOR TRANSFERS: Further, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee's interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.***]***

[IN CALIFORNIA: The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

> A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

You expressly waive the provisions of Section 1542 of the California Civil Code and expressly release each party to be released from all liability or claims arising out of any matters recited in the release.***]***

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

____

DATE:__________________________________

~~4890-3213-3649, v. 1~~
4885-1985-2103, v. 1

~~GP:4819-0253-1981 v3~~

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede and apply to all Waxing the City franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business is located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota with the costs being borne by both parties unless the party seeking arbitration seeks arbitration prior to mediating the dispute. 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.

4. The Franchise Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

5. 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.

6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. The Franchise Agreement contains a waiver of punitive damages and jury trial provision. These waivers may not be enforceable under California law.

8. Paragraph 22 is hereby deleted in its entirety.

~~[Signature Page Follows]~~

9. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:	Franchisee:
WAXING THE CITY FRANCHISOR LLC	
By:___________________________________	By:___________________________________
Its:___________________________________	Its:___________________________________
Date: __________________________________	Date:___________________________________

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Illinois:

1. Notwithstanding the fact that the Franchise Agreement requires that the Agreement be governed by the laws of the State of Minnesota, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

2. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

3. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Section 4 of the Illinois Franchise Disclosure Act states that "Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. Section 14.B of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

> Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 14.B, which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.

~~8.~~

8. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the 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.

9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

~~[Signature Page Follows]~~

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date: ____________________	Date:____________________

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Indiana:

This Indiana Addendum is only applicable if you are a resident of Indiana and your business will be located in Indiana.

1. Section 17.B of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

> B. After Expiration, Termination or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any hair removal business, which is located within the Protected Territory.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date: ____________________	Date:____________________

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede and apply to all Waxing the City franchises sold to residents in the state of Maryland:

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of $478,086 from Capitol Indemnity Corporation. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202.

2. Section 13.B.8 of the Franchise Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 14.A of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

4. Section 18.F of the Franchise Agreement is revised to include the following language:

> Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

5. The representations made in the Franchise Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

7. Notwithstanding anything to the contrary in the Franchise Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. Sections 22 (a) and (b) of the Franchise Agreement are deleted in their entirety and replaced with the following:

> "[Intentionally Deleted]"

9. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the 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.

10. Each provision to this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date: ____________________	Date:____________________

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this 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.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

3. Section 3 is revised to include the following:

> To the extent required by the Minnesota Franchise Act, Franchisor will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement.

4. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Franchisor shall not require Franchisee 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, provided that the foregoing shall not bar the voluntary settlement of disputes.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:__________	By:__________
Its:__________	Its:__________
Date: __________	Date:__________

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 8.J of the Franchise Agreement is revised to include the following:

Revisions to the manual will not unduly affect your obligations, including economic requirements, under this Agreement.

2. Section 13.A of the Franchise Agreement is revised to include the following:

The Franchisor will not make an assignment except to an assignee who, in the Franchisor's good faith judgment, is willing and able to assume its obligations under the Agreement.

3. Section 15 of the Franchise Agreement is modified by the addition of the following at the end of such section:

In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law.

4. Sections 18.E, 18.F, 18.G and 18.H of the Franchise Agreement are revised to include the following language:

Provided, however, that all rights arising under Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:___________________________________	By:___________________________________
Its:___________________________________	Its:___________________________________
Date: _________________________________	Date:__________________________________

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Sections 16.G and 18.A of the Franchise Agreement are amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

2. Section 16.G of the Franchise Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

3. Section 17.B of the Franchise Agreement is amended by adding the following language at the end:

> Covenants not to compete, such as those mentioned in this Section 17.B are generally considered unenforceable in the state of North Dakota.

4. Sections 18.E and 18.G of the Franchise Agreement are deleted in their entirety.

5. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the 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.

6. Section 18.F of the Franchise Agreement is modified to delete any requirement that franchisee consent to the jurisdiction of courts located outside of North Dakota.6. Section 20.D of the Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the State of North Dakota.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date: ____________________	Date:____________________

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede and apply to all Waxing the City franchises sold to residents in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. Section 18 and 20 of the Franchise Agreement is supplemented by the addition of the following:

> § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act."

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date: ____________________	Date:____________________

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede and apply to all Waxing the City franchises sold to residents in the state of Virginia:

This Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:	Franchisee:
WAXING THE CITY FRANCHISOR LLC	
By:	By:
Its:	Its:
Date:	Date:

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, QUESTIONNAIRE, AND RELATED AGREEMENTS

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. A surety bond in the amount of $100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

2. Section 20.E of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

> "Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms of obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. You agree that no representations have been made to you concerning this Agreement or the Waxing the City franchise other than as contained in the Agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations or warrantees of earnings, sales, profits, or success of your Waxing Studio have been made to you other than as set forth in Item 19 of the FDD."

~~2~~3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

~~3~~4. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

~~4~~5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

~~5~~6. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

~~6~~7. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

~~7~~8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

~~8~~9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

10. Sections 22 (a) and (b) of the Franchise Agreement are deleted in their entirety and replaced with the following:

"[Intentionally Deleted]"

11. No statement, questionnaire, or acknowledgment signed or agreed to by 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 the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor:
WAXING THE CITY FRANCHISOR LLC

By:____________________________
Its:____________________________
Date: ____________________________

Franchisee:

By:____________________________
Its:____________________________
Date:____________________________

EXHIBIT F

~~CHARITABLE CONTRIBUTION ADDENDUM~~

~~EXHIBIT G~~

AREA DEVELOPMENT AGREEMENT, GUARANTY AND STATE SPECIFIC ADDENDA

WAXING THE CITY

AREA DEVELOPMENT AGREEMENT

WAXING THE CITY FRANCHISOR LLC
111 Weir Drive
Woodbury, Minnesota 55125
866-956-4612
www.waxingthecity.com

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WAXING THE CITY®
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made as of the Effective Date set forth in the Rider attached to this Agreement (the "Rider") between WAXING THE CITY FRANCHISOR LLC, a Delaware limited liability company ("we" or "us") and the person or persons named in the Rider as the Developer ("you").

RECITALS:

A. We and our predecessor have invested substantial time, effort and money to acquire and develop a system of operating boutique studios that offer body and facial waxing services to the general public, as well as other related products and services under the federally registered trademark ,"Waxing the City®," and other trademarks, service marks and intellectual property rights. We grant franchises to qualified candidates for the operation of facial and body waxing studios. We also license our trademark rights in "Waxing the City" and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Waxing the City studios (collectively the "Marks"). These businesses use our methods, procedures, standards, and specifications (all of which are collectively referred to as the "System") which we may improve, further develop or otherwise modify from time to time.

B. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement, the form of franchise agreement we currently use to grant rights to operate waxing studios, and our Franchise Disclosure Document, and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.

C. You are entering into this Agreement because you want to develop and operate multiple waxing studios which use the Marks and the System. You recognize that while you will have certain limited rights to transfer your interest in this Agreement, and in the studios you develop, we are entering into this Agreement with you based on your representation that you intend to personally develop all of the studios described in this Agreement, and not with a view to reselling your right to open these studios.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

1. Grant of Development Rights. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate the number of facial and body waxing studios identified in the Rider (the "Waxing Studios"), using the Marks and operating within the nonexclusive area described in the Rider (the "Development DMA"). You acknowledge that we may seek and acquire sites in the Development DMA for company or affiliate-owned locations, grant others the right to seek or acquire sites within the Development DMA, and that we may actually provide others with sites in the Development DMA, and that you acquire no exclusive or priority rights in such area. We may modify the boundaries of the Development DMA if The Nielsen Company, LLC or its successor changes the applicable defined market area of your Development DMA. If we do so, we will provide you with notice of the change along with the updated Rider to this Agreement which you consent to us amending to change the Development DMA.

B. You acknowledge that we may locate, or provide assistance to you and other Waxing the City franchisees in the location of, potential sites in the Development DMA for Waxing the City studios. To the extent we locate sites or provide such assistance to you we have no obligation to provide you with any site we may identify but any site you identify must be provided to us. We can then acquire the site ourselves, or give other franchisees the right to acquire that site and you acknowledge and agree that by providing us with a potential site you obtain no priority with respect to that site. If you provide us a potential site we will inform you within thirty (30) days after receipt of the information and materials we request regarding the site whether we will acquire the site, or otherwise approve the site, and if so, whether we will allow you to attempt to acquire the site or if we are going to provide the site to other franchisees who may be looking for sites in the Development DMA. You may not enter into a lease or sublease for a site, or otherwise acquire a site, unless and until we have given you that permission in writing to do so.

C. If we provide you a potential site, you will have the right to accept it or reject it within the time period which we set. However, we may have also provided this same site to one or more other franchisees. In the event multiple franchisees accept a site, we select the franchisee to whom we award the site. Notwithstanding the foregoing, it shall be your responsibility to identify and ultimately acquire appropriate sites, acceptable to us, for the operation of Waxing the City studios. In consideration for any assistance we provide with respect to the identification or approval of potential sites, you acknowledge and agree that we shall not be responsible for your results in operating at any particular site that may have been recommended, reviewed, or approved by us and that our approval does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of any Waxing the City studio at that location. After we have informed you that you may acquire a site for your Waxing Studio, you will have thirty (30) days after our notice to acquire the site by lease, sublease or purchase. Within such time period, you must furnish us with evidence reasonably acceptable to us of your acquisition of the site. If you fail to acquire the site within such time period or furnish us with the evidence of acquisition we request, the site will go back into the pool of potential available sites in the Development DMA and we can acquire the site ourselves or provide the site to another franchisee.

D. If you secure real estate for a Waxing Studio in the Development DMA but fail to comply with our requirements for securing the real estate, including those set forth in this Section 1, we may charge you a fee of up to Ten Thousand Dollars ($10,000). This fee shall be due and payable to us upon our demand and shall be in addition to any other rights or remedies we may have under this Agreement or otherwise.

E. You agree to be bound by the "Development Schedule" set forth in the Rider. Time is of the essence for the development of each Waxing Studio in accordance with the Development Schedule. Each Waxing Studio must be developed and operated by you pursuant to a separate Franchise Agreement that you enter into with us.

2. Development Fee. You must pay us a Development Fee in the amount set forth in the Rider. This fee is nonrefundable and is payable in full when you sign this Agreement and is fully earned by us at that time. You will sign the Franchise Agreement for your first Waxing Studio concurrently with this Agreement. A separate Franchise Agreement must be signed, on our then-current form, for each such Waxing Studio. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Waxing Studio. The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement.

3. Development Schedule. The following provisions control with respect to your development rights and obligations:

A. You must comply with the Development Schedule requirements regarding (i) the execution of the Franchise Agreements and site approval requests, (ii) the opening date for each Waxing Studio, and (iii) the cumulative number of Waxing Studios to be open and continuously operating for business in the Development DMA. You represent that you have conducted your own independent investigation and analysis of the prospects for the establishment of Waxing the City studios within the Development DMA, approve of the Development Schedule as being reasonable, viable, and essential to the potential success of your business and recognize that failure to sign a Franchise Agreement, obtain a site approval, open a Waxing Studio or have a cumulative number of Waxing Studios open and operating, according to the applicable dates set forth in the Development Schedule, ~~give~~gives us the right, in our sole discretion, to immediately terminate this Agreement pursuant to Section 5.

B. You may not open a Waxing Studio under this Agreement unless you meet each of the following conditions (these conditions apply to each Waxing Studio to be developed in the Development DMA):

1. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Waxing the City studios.

2. Execution of Franchise Agreement. You and we have entered into our then-current form of Franchise Agreement and such other agreements that we require for the grant of Waxing the City franchises for the proposed Waxing Studio. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations; provided, however, that the initial franchise fee due under each of those agreements will be reduced by the "Initial Franchise Fee Reduction" described in the Development Schedule on the Rider. The reduced initial franchise fee due under each Franchise Agreement is due the earlier of: (a) the date you sign the Franchise Agreement; or (b) the date you are required to sign the Franchise Agreement as described in the Development Schedule. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Waxing Studio must be in accordance with the terms of the applicable Franchise Agreement.

4. Term. Unless sooner terminated in accordance with Section 5 of this Agreement, the term of this Agreement and all rights granted to you will expire on the date that you sign the Franchise Agreement for the last Waxing Studio that is scheduled to be opened under the Development Schedule.

5. Default and Termination. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you or any "affiliate" of yours breaches any of the terms of any Franchise Agreement or any other agreement that you or your affiliates have with us or our affiliates. For purposes of this Agreement, an "affiliate" of any person will be any person or entity that controls that person, is under the control of that person, or is under common control with that person.

All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment against you remains unsatisfied of record for thirty (30) days or longer, (v) execution is levied against your business or property, or the business or property of any of your affiliates that have entered into Franchise Agreements with us, (vi) suit to foreclose any lien or mortgage against premises or equipment is instituted against you and not dismissed within thirty (30) days, or is not in the process of being dismissed, (vii) you fail to timely meet any of your obligations set forth in the Development Schedule or you fail to comply with our requirements for securing real estate for any Waxing Studio, (viii) you or any of your affiliates open any Waxing Studios before that person or entity has signed a Franchise Agreement with us for that studio in the form we provide, (ix) you fail to pay an initial franchise fee when due; (x) you fail to comply with any other provision of this Agreement, or your or any of your affiliates fail to comply with any other agreement you or they have with us or our affiliates and do not correct the failure within thirty (30) days after written notice of that failure is delivered to the breaching party (except that if the failure to comply is the third failure to comply with any provision of any agreement that you or any of your affiliates have with us or an affiliate of ours within twelve (12) consecutive month period, then we need not provide any opportunity to cure the default), or (xi) we have delivered to you or any of your affiliates a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

6. Rights and Duties of Parties Upon Termination or Expiration. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will automatically terminate, and:

A. All remaining rights granted to you to develop Waxing Studios under this Agreement will automatically be revoked and will be null and void and shall revert to us. You will not be entitled to any refund of any fees.

B. You and your affiliates must within five (5) business days of the termination or expiration pay all sums owing to us and our affiliates. In addition, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to Ten Thousand Dollars ($10,000) for each undeveloped Waxing Studios. You agree that this amount is in addition to the Development Fees paid under this Agreement, and is for lost revenues from Royalty Fees (as defined in the Franchise Agreement) and other amounts payable to us, including the fact that you were holding the development rights for those Waxing Studios and precluding the development of certain Waxing Studios in the Development DMA, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

7. Transfer. The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity. Upon any transfer of this Agreement by us or any of our legal rights and obligations hereunder, we will be released from all such obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer.

B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent as set forth below.

1. As used in this Agreement, the term "Transfer" means any sale, assignment, lease, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you or control of the business franchised hereunder. You acknowledge that these provisions prohibit you from subfranchising or sublicensing any right you have under any agreement with us, and that your intent in entering into this Agreement is that you (and not any licensee or transferee) will be opening and operating the Waxing Studios to be developed under this Agreement. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of the business that is developing Waxing Studios, the withdrawal of that person shall be considered a "Transfer." A "Transfer" shall also be deemed to occur when there are more than two (2) people listed as the Developer and there is a change of the ownership of the business such that less than a majority of the original signators continue to have a majority interest in the equity of the business.

2. We will not charge you any fee in connection with your Transfer of your interest in this Agreement. However, as a condition to our approval of any Transfer, you must sign franchise agreements for all of the Waxing Studios to be developed under this Agreement, you must transfer all of those agreements to the same person or entity that acquires your interest in this Agreement, and you must comply with all of the conditions for transferring each of those agreements, including the requirement to pay a transfer fee in connection with the transfer of each of those agreements.

3. The restriction on Transfer contained in this Agreement does not apply to, or otherwise restrict, your right to transfer any interest in any franchise agreement you previously signed for any Waxing Studio to be developed under this Agreement. You may transfer those agreements apart from any rights you have in this Agreement, provided you comply with the transfer provisions of each agreement you seek to transfer.

4. We may expand upon, and provide more details related to, the conditions for Transfer and our consent as described in this Section 7, and may do so in our operations manual or otherwise in writing.

8. <u>Acknowledgments</u>. To induce us to execute this Agreement, you represent and warrant to us as follows:

A. You recognize and acknowledge the importance of maintaining our standards for service, and further recognize and acknowledge the importance of following the System with respect to the development and operation of Waxing the City studios.

B. You have the entire control and direction of the Waxing the City studios to be opened and operated by you, subject only to the conditions and covenants established by the Franchise Agreements for those studios. You acknowledge that the businesses to be operated under those Franchise Agreements involve business risks, and that your success shall be largely determined by your own skill and efforts as an independent business person.

C. You have entered into this Agreement after making an independent investigation of our operations and history and not upon any representation as to profits which you might be expected to realize and that no one has made any representation to induce you to accept the franchise granted hereunder and to execute this Agreement, except as may be set forth in the Franchise Disclosure

Document you acknowledge receiving at least fourteen (14) days prior to the date you paid us or any affiliate any money or executed any agreement with us or any affiliate.

9. Miscellaneous. You acknowledge that other Waxing the City franchisees/area developers have or will be granted franchises or area development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement. You shall not complain on account of any variation from standard specifications and practices granted to any other franchisee/area developer and shall not be entitled to require us to grant to you a like or similar variation thereof. The provisions set forth in the franchise agreement for your first Waxing Studio containing any covenants not to compete, enforcement provisions, notice provisions, and sections referenced as "Miscellaneous" or "Acknowledgments" are hereby incorporated into this Agreement by reference and shall be applicable to this Agreement until such time as you sign a subsequent franchise agreement, at which time the provisions of the new agreement relating to covenants not to compete, enforcement, notice, and all sections referenced as "Miscellaneous" or "Acknowledgments" shall be incorporated into this Agreement by reference in place of the previous provisions. Likewise, if you or any affiliate later sign yet another franchise agreement, at all times, the provisions contained in the last franchise agreement you or such affiliate sign with us, which relate to covenants not to compete, enforcement, and notice, and all sections referenced as "Miscellaneous" or "Acknowledgments," are hereby incorporated into this Agreement by reference in place of the previous provisions. You acknowledge having received a copy of our current form of franchise agreement for use in the sale of Waxing Studios, and that until you sign an agreement for your first studio, the provisions of the form we provided to you relating to these matters will be deemed incorporated herein by reference and applicable to this Agreement. Any reference to the expression "this Agreement" in such Sections will be interpreted as a reference to this Area Development Agreement and any reference to "Protected Territory" will read as Development DMA. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you. We may designate another party to perform, or delegate to another party the performance of, of our duties and obligations under this Agreement or authorize that party to act on our behalf. Any provisions of this Agreement which, by their nature, may or are to be performed following expiration or termination of this Agreement, shall survive such termination or expiration. You must indemnify us in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) wherein our liability is alleged or in which we are named as a party as a result of activities by you which are not in accordance with this Agreement, with our policies, or with any law, rule, regulation, or custom governing your business that is conducted pursuant to this Agreement. If such an action or a claim is made against us, you shall indemnify and hold us harmless from all costs reasonably incurred by us in the defense of any such claim brought against us or in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) in which we are named as a party including, without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses, and from all amounts paid or incurred by us arising out of such claim or action (collectively, the "Costs"). We may defend any claim made against us. Such an undertaking by us shall, in no way, diminish your obligation to indemnify us and hold us harmless. We are not required or obligated to seek recovery from third parties or otherwise mitigate our losses in order to maintain a claim against you. The above Recitals are made a part of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via facsimile, email, or electronic signature, record, process, confirmation, or transmission attached to or logically associated with this Agreement and executed and adopted with the intent to sign.

[THIS AGREEMENT CONTINUES WITH A RIDER,
WHICH IS A PART OF THIS AGREEMENT]

AREA DEVELOPMENT AGREEMENT RIDER

1. Effective Date: ____________________

2. Developer:

3. Development DMA:

____
____
____
____

4. Number of Waxing Studios to be opened and operating in the Development DMA:

5. Total Development Fee due at signing of this Agreement:

6. Development Schedule:

You acknowledge and agree that a material provision of this Area Development Agreement is that the following number of Waxing Studios must be opened and continuously operated by you in the Development DMA in accordance with the following Development Schedule:

Waxing Studio Number	**Date by Which Franchise Agreement Must Be Signed and Site Approval Request Must be Submitted to us**	**Development Fee Due Upon Signing ADA**	**Remaining Fee Due Upon Signing Respective Franchise Agreement**	**Date by Which the Waxing Studio Must Be Opened and Operated by You in the ~~Territory~~Development DMA**	**Cumulative Number of Waxing Studios to be Opened and Operated by You in the Development DMA as of the Date in Preceding Column**
1	Date of this Agreement				1
2					
3					

For purposes of determining compliance with this Development Schedule, only the Waxing Studios you actually open and continuously operate in the Development DMA for at least the first six (6) months after opening will be counted toward the number of Waxing Studios required to be open and operated by you. In addition, you acknowledge and agree that the initial franchise fee due under each Franchise Agreement will be reduced by the Initial Franchise Fee Reduction described above, and will be due the earlier of: (a) the date the Franchise Agreement is signed; or (b) the date by which the Franchise Agreement must be signed pursuant to the Development Schedule above. In addition, if you pay the reduced initial franchise fee due under a Franchise Agreement within thirty (30) days before the date by which the applicable Waxing Studio must be opened, as described in the Development Schedule above, and are otherwise in compliance with the terms of this Agreement and any Franchise Agreement, we will grant you automatic extension of twelve (12) months to open such Waxing Studio; provided that such extension does not extend any other dates described in the Development Schedule.

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR:	DEVELOPER:
WAXING THE CITY FRANCHISOR LLC	
______________________________	______________________________
By:___________________________	By:___________________________
Its:__________________________	Its:__________________________
	______________________________
	By:___________________________
	Its:__________________________

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "Agreement") between WAXING THE CITY FRANCHISOR LLC ("we" or "us") and (the "developer"), dated ____________ ____________________, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the developer, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of the Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the developer.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

DEVELOPER:

- Individually	- Individually
Print Name	Print Name
Address	Address
City State Zip Code	City State Zip Code
Telephone	Telephone

~~4872-2019-4321, v. 1~~
4864-7954-4391, v. 2

CALIFORNIA ADDENDUM TO AREA DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede and apply to all Waxing the City franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination, transfer and non-renewal of the Area Development Agreement and certain provisions of the Area Development Agreement relating to termination, transfer and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Area Development Agreement and your relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. If the Area Development Agreement is inconsistent with the law, the law will control.

2. The Area Development Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota with the costs being borne by both parties unless the party seeking arbitration seeks arbitration prior to mediating the dispute. 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.

3. The Area Development Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

4. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101~~.~~

5. Section 8 of the Area Development Agreement is deleted in its entirety and replaced with the following:

"[Intentionally Deleted]"

6. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:______________________________	By:______________________________
Its:______________________________	Its:______________________________
Date:_____________________________	Date:_____________________________

ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if you are a resident of Illinois and your business will be located in Illinois.

1. Notwithstanding the fact that the Area Development Agreement requires that the Agreement be governed by the laws of the State of Minnesota, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

2. The Area Development Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

3. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Section 4 of the Illinois Franchise Disclosure Act states that "Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

6. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. Section 5 of the Area Development Agreement is modified by the addition of the following at the end of such Section:

> To the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 5, to the extent required by Illinois law, which in no event shall be less than ten (10) days, and in no event shall such notice be required to be greater than thirty (30) days.

~~8.~~

8. No statement, questionnaire, or acknowledgment signed or agreed to by 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 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.

9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________________________	By:____________________________________
Its:____________________________________	Its:____________________________________
Date:___________________________________	Date:___________________________________

MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede and apply to all Waxing the City franchises sold to residents in the state of Maryland:

1. Based on upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of $478,086 from Capitol Indemnity Corporation. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202.

2. Section 5 of the Area Development Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 8 of the Area Development Agreement is revised to include the following language:

> Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. The representations made in the Area Development Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 7 of the Area Development Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

~~7~~6. The Development Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland law, and we will comply with that law in Maryland.

~~8~~7. Notwithstanding anything to the contrary in the Development Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

~~9~~

8. Section 8 of the Area Development Agreement is deleted in its entirety and replaced with the following:

"[Intentionally Deleted]"

9. No statement, questionnaire, or acknowledgment signed or agreed to by 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 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.

10. Each provision to this Addendum to the Development Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

~~[Signature Page Follows]~~

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:______________________________	By:______________________________
Its:______________________________	Its:______________________________
Date:______________________________	Date:______________________________

MINNESOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this 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.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Area Development Agreement.

3. Franchisor shall not require Franchisee 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, provided that the foregoing shall not bar the voluntary settlement of disputes.

4. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________________	By:____________________________
Its:____________________________	Its:____________________________
Date:___________________________	Date:___________________________

NEW YORK ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 8 of the Area Development Agreement is revised to include the following language:

> Provided, however, that all rights arising under Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

2. Section 7 of the Area Development Agreement is revised to include the following:

> Franchisor will not make an assignment except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume its obligations under the Agreement.

3. The Area Development Agreement is modified by the addition of the following Section 5:

> In addition, Franchisee shall have the right to terminate the Area Development Agreement to the extent allowed under applicable law.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:__________	By:__________
Its:__________	Its:__________
Date:__________	Date:__________

NORTH DAKOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Section 6.B of the Area Development Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

2. Section 6.B of the Area Development Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

3. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date:____________________	Date:____________________

VIRGINIA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Virginia:

This Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:	By:
Its:	Its:
Date:	Date:

WASHINGTON ADDENDUM TO DEVELOPMENT AGREEMENT, QUESTIONNAIRE, AND RELATED AGREEMENTS

Notwithstanding anything to the contrary set forth in the Waxing the City Franchisor LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. A surety bond in the amount of $100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

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

~~2~~3. RCW 19.100.180 may supersede the Area Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

~~3~~4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

~~4~~5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

~~5~~6. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

~~6~~7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

~~7~~8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Development Agreement or elsewhere are void and unenforceable in Washington.

9. Section 8 of the Area Development Agreement is deleted in its entirety and replaced with the following:

"[Intentionally Deleted]"

10. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth below.

Franchisor: WAXING THE CITY FRANCHISOR LLC	Franchisee:
By:____________________	By:____________________
Its:____________________	Its:____________________
Date:____________________	Date:____________________

~~4856-4320-1553, v. 1~~
4874-9270-6119, v. 1

EXHIBIT ~~H~~G

STATE SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all Waxing the City franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

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

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

3. 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.

4. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk if your franchise fails.

5. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph.

> "Neither Waxing the City nor any person described in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange."

6. Item 17 of the FDD is amended by the insertion of the following:

> "The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination and non-renewal of the Franchise Agreement and Area Development Agreement and certain provisions of the Franchise Agreement and Area Development Agreement relating to termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and Area Development Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Franchise Agreement or Area Development Agreement are inconsistent with the law, the law will control.
>
> The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)."

7. The Franchise Agreement and Area Development Agreement require application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

8. The Franchisor has or will comply with all of the requirements under California Corporations Coe, Section 31109.1, with respect to negotiated sales.

9. The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur at the office of the American Arbitration Association located nearest Waxing the City Franchisor LLC's principal offices (currently, Woodbury, Minnesota). You will bear all costs of arbitration if we secure any relief against you in the arbitration, or are successful in defending a claim you bring against us in the arbitration. 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.

10. California [Civil Code Section 1671] has statutes which restrict or prohibit the imposition of liquidated damage provisions.

11. The maximum interest rate to be charged in California is 10%.

12. Any third party, (not the franchisor), must be licensed pursuant to the California Financing Law prior to making any loans.

13~~. 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.~~

~~14. Item 19 of the FDD is amended by the deletion of the following:~~

> ~~"These figures were prepared without an audit. Prospective franchisees and franchise sellers should be advised that no certified public accountant has audited these figures or expressed his/her opinion on their content or form."~~

~~15~~. 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.

~~16. Any document or portion thereof that serves to disclaim the franchisor's representations, have the effect of waiving the franchisee's claims under the Franchise Investment Law, shall not be applicable to California residents.~~

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all Waxing the City franchises offered and sold in the state of Hawaii:

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. The states in which Waxing the City Franchisor LLC's registration is effective or where the Franchise Disclosure Document has been filed are as follows: California, Hawaii, Illinois, Indiana, Michigan, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

2. The states in which Waxing the City Franchisor LLC's, Franchise Disclosure Document is or will be shortly on file are as follows: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

3. No state has refused, by order or otherwise, to register the Waxing the City franchise.

4. No state has revoked or suspended the right to offer Waxing the City franchises.

5. Waxing the City Franchisor LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.

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

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

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

Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required the deferral of all initial fees to be paid to the Franchisor until the Franchisor's pre-opening obligations to the franchisee have been fulfilled.

The Franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Illinois:

1. The page entitled "**Special Risk(s) to Consider About *This* Franchise**" is amended by the addition of the following language:

Special Risk(s) to Consider About *This* Franchise

5. **Governing Law, Venue and Jurisdiction.** The governing law, venue and jurisdictional requirements in the Disclosure Document and in the Franchise Agreement and Area Development Agreement are subject to the provisions of the Illinois Franchise Disclosure Act, and nothing in these documents shall be considered a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act.

2. Illinois law governs the Franchise Agreement and Area Development Agreement.

3. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Any provision of the Franchise Agreement or Area Development Agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.

5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

6. 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. Each provision of this addendum to the FDD shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all Waxing the City franchises sold to residents in the state of Maryland:

1. Item 17 of the Franchise Disclosure Document is amended as follows:

> "Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."

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

> "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. ~~Exhibit H is our current form of release for renewals and transfers of franchises.~~"

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

> However, subject to your arbitration obligation, you may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17(v) and (w) are modified by the insertion of the following:

> "Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

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

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

6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of $478,086 from Capitol Indemnity Corporation. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202.

7. Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following:

> The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of

the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

9. Each provision of this Addendum to the FDD shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, form or remedies provided for by the laws of the jurisdiction.

2. We will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

3. Item 13 is revised to include the following language:

> "To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement and Development Agreement."

4. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

5. We are prohibited from requiring 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, provided that the foregoing shall not bar the voluntary settlement of disputes.

6. 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. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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 THAT 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

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

4. 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.

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

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

6. 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.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17c. and from any other place it appears in the Disclosure Document or in the Franchise Agreement.

2. Item 17r. is revised to provide that covenants not to compete, such as those mentioned in Item 17r. of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.

3. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Disclosure Document and in the Franchise Agreement are deleted and to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

4. Any references in the Disclosure Document and in the Franchise Agreement and to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

5. Any references in the Disclosure Document and in the Franchise Agreement and to any requirement to consent to a waiver of trial by jury are deleted.

6. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

8. Any references in the Disclosure Document and in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

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

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE VIRGINIA RETAIL FRANCHISING ACT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Waxing the City Franchisor LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. The following language is added to the end of the "Summary" section of Item 17 (e), entitled "Termination by franchise without cause":

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.

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

STATE SPECIFIC ADDENDUM
AS REQUIRED BY THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. A surety bond in the amount of $100,000 has been obtained by the franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

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

3. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

9. On or about October 28, 2019, our predecessor entered into an Assurance of Discontinuance (No. 19-2-28299-1 SEA) with the State of Washington entitled In Re: Franchise No Poaching Provisions under which it agreed to refrain from including "no-poach" language in its Franchise Agreement, which restricts a franchisee from recruiting and/or hiring the employees of other franchisees and/or employees of the franchisor or its affiliates, which the Attorney General alleged violates Washington state and federal antitrust and unfair practices laws. Our predecessor also agreed to refrain from enforcing that language in any of its existing Franchise Agreements, notified its current franchisees of the entry of the Assurance of Discontinuance, notified the Washington Attorney General if any of its franchisees attempted to enforce such a provision, offered to amend existing Franchise Agreements to delete the no-poach language and remove the language from existing Franchise Agreements as they come up for renewal. Our predecessor satisfied the requirements in the Assurance of Discontinuance and submitted to the State of Washington a declaration of completion.

10. 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.

11. The page entitled "**Special Risk(s) to Consider About *This* Franchise**" is amended by the addition of the following language:

Special Risk(s) to Consider About *This* Franchise

5. **Use of Franchise Brokers.** The franchisor uses the services of one or more franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary in the Waxing the City Franchisor LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Waxing the City franchises offered and sold in the state of Wisconsin:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.

EXHIBIT ~~I~~H

FINANCING DOCUMENTS

Exhibit ~~I~~H-1

Geneva Capital, LLC Finance Documents

MASTER EQUIPMENT LEASE AGREEMENT

Agreement # _______________
Federal Tax #_______________

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER		STREET ADDRESS	
CITY	STATE	ZIP	PHONE
EQUIPMENT LOCATION:			

SUPPLIER INFORMATION

NAME OF SUPPLIER	STREET ADDRESS	CITY	STATE	ZIP	PHONE

EQUIPMENT DESCRIPTION **Equipment Cost $_____________**

QUANTITY	ITEM DESCRIPTION	SERIAL #

RENTAL TERMS	**RENTAL PAYMENT AMOUNT**	**SECURITY DEPOSIT**
Term in months ____	___ **Payments of $**__________ **(w/o tax) plus applicable taxes**	$____________
Rent Commencement Date:	Rental Payment Period is monthly unless otherwise indicated	

END OF LEASE TERMS: Provided the Master Equipment Lease Agreement (the "Agreement") has not terminated early and no event of default under the Agreement has occurred, Customer shall have the following options at the end of the original term. 1. Purchase the equipment immediately upon expiration of the Lease. 2. Renew the Agreement per paragraph 1 of the Agreement. 3. Return the Equipment to a location designated by Owner per paragraph 5 of the Master Equipment Lease Agreement.

THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED BY CUSTOMER.

MASTER TERMS AND CONDITIONS (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement).
1. AGREEMENT: Customer agrees to rent from Owner the personal property described under "EQUIPMENT DESCRIPTION" and as modified by supplements and/or addendums to this Agreement from time to time signed by Customer and Owner (along with any upgrades, replacements, repairs and additions, "Equipment"). This Agreement may be modified only by written agreement, signed by Customer and Owner, and not by course of performance or dealing. The term of this Agreement will begin on the Rent Commencement Date as established by the above RENTAL TERMS and will continue for the number of consecutive months provided herein. **THE TERM WILL BE EXTENDED, IN ACCORDANCE WITH THE END OF LEASE TERMS, ON A MONTH TO MONTH RENTAL BASIS UNLESS CUSTOMER SENDS OWNER WRITTEN NOTICE OF CUSTOMER'S INTENTIONS AT LEAST THIRTY (30) DAYS BEFORE THE END OF THE ORIGINAL TERM, PROVIDED THAT THE MONTHLY PAYMENT SHALL BECOME DUE IF CUSTOMER FAILS TO REMIT THE PURCHASE OPTION AMOUNT TO OWNER OR RETURN THE EQUIPMENT AS PROVIDED HEREIN.** Customer authorizes Owner to insert in this Agreement the Rent Commencement Date, any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. This Agreement is the final agreement between the parties; any verbal or written communications prior to this Agreement are hereby superseded by this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. **(CONTINUE ON PAGE 2)**

OWNER ACCEPTANCE

DATED (MM/DD/YYYY)**:** ______________________

OWNER: GENEVA CAPITAL, LLC
1311 Broadway St, Alexandria, MN 56308

AUTHORIZED SIGNATURE: ______________________

TITLE: ______________________

CUSTOMER ACCEPTANCE

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written Agreement.

DATED (MM/DD/YYYY)**:** ______________________

CUSTOMER: ______________________

AUTHORIZED SIGNATURE: ______________________

TITLE: ______________________

PERSONAL GUARANTY: **As additional consideration for Owner to enter into this Master Equipment Lease Agreement ("Agreement"), the undersigned ("You") and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantee that the Customer will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Owner may make other arrangements with the Customer and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Owner does not have to notify You if the Customer is in default. If the Customer defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Owner to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Owner's or Its Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Owner's state or Its Assignee's principal place of business or any other court so chosen by Owner. YOU EXPRESSLY CONSENT TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT. You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Owner to proceed first against the Customer or the equipment before enforcing this Guaranty against You.**

Personal Guarantor	Personal Guarantor Signature	DATE (MM/DD/YYYY)	Mobile Phone #	Email Address
Personal Guarantor	Personal Guarantor Signature	DATE (MM/DD/YYYY)	Mobile Phone #	Email Address

2. NON-CANCELABLE LEASE: CUSTOMER'S OBLIGATION TO MAKE PAYMENTS, TO PAY OTHER SUMS WHEN DUE AND TO OTHERWISE PERFORM AS REQUIRED UNDER THE AGREEMENT IS ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF, DEFENSE, OR COUNTERCLAIM WHICH CUSTOMER MAY HAVE AGAINST ANY PERSON FOR ANY REASON WHATSOEVER OR ANY MALFUNCTION, DEFECT OR INABILITY TO USE ANY ITEM OF EQUIPMENT.

3. RENT: The Agreement shall commence upon the Rent Commencement Date and shall end upon full performance by Customer in observance of all terms, conditions, and covenants set forth in the Agreement and any extension thereof. Rent shall be paid in advance and in the amount and frequency as provided herein plus any applicable taxes and fees including but not limited to sales tax, use tax, property tax, equipment protection fees, and late charges. The first such rental payment shall be due on the Rent Commencement Date and each subsequent payment will be due on the same day of each subsequent month or other frequency as explicitly provided for. Owner will have the right to apply all sums received from Customer to any amounts due and owed to Owner under the terms of this Agreement or any other Agreement between Owner and Customer. Customer agrees that Customer owes Owner additional pro rata rent calculated as one-thirtieth ($1/30^{th}$) of the monthly rental amount per day from the earlier of the date of Equipment delivery or the date of advanced funding to Supplier until the Rent Commencement Date and the Agreement begins. Provided no events of default have occurred, Owner will allow Customer to pay off the Agreement early for an amount equal to the sum of all remaining unpaid rental payments, discounted to a net present value at a rate up to five percent (5%), plus the purchase option price.

4. OWNERSHIP OF EQUIPMENT: Owner has purchased the Equipment at the direction of Customer. Owner shall at all times have sole ownership and title to the Equipment. Customer warrants that the Equipment shall at all times remain personal property; the Equipment is removable from and is not essential to any premise upon which it is located regardless of attachment to realty, and Customer agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment. This Agreement is a "true lease" and not a loan or installment sale. If this Agreement is held by a court not to be a "true lease" Customer hereby grants Owner a security interest in the Equipment and all proceeds arising therefrom. If any portion of the rent or other payments hereunder shall be deemed interest and such interest exceeds the highest rate permitted by applicable law, such excess interest shall be applied to your obligations to us or refunded if no obligations remain. Customer hereby authorizes Owner to file UCC financing statements as We deem necessary to protect Our interest, and Owner may charge a fee to cover related costs or at Owner's discretion a non-filing protection fee. The parties further agree that this Agreement is a "finance lease" under Article 2A of the Uniform Commercial Code ("UCC") and notwithstanding any determination to the contrary, Owner will have the rights and remedies of a lessor as if the Agreement were a "finance lease" under Article 2A of the UCC. To the extent permitted by applicable law, Customer hereby waives any and all rights conferred upon a lessee under UCC Article 2A-508 through 2A-522 as enacted by Minnesota Statute Sections 336.2A-508 through 336.2A-522 whether or not said statute is applicable, or other applicable law. Customer shall not alter the Equipment without prior consent from Owner. Any alterations or improvements to any item of Equipment shall be deemed accessions and shall be returned to Owner with the Equipment to Owner upon the Agreement expiration or earlier repossession. Customer shall maintain the Equipment in good repair, condition and working order. Customer shall furnish all parts, mechanisms, devices and labor required to keep the Equipment in such condition and pay all costs incident to the Equipment's operation.

5. LOCATION OF EQUIPMENT: Customer will keep and use the Equipment at Customer's Equipment Location on page 1 and Customer agrees not to move it unless Owner agrees to it in advance. At the end of the Agreement's term or upon termination for any other cause, unless Equipment is purchased or the Agreement is renewed, Customer will return the Equipment to a location Owner specifies at Customer's expense. The Equipment must have been inspected and tested by a source authorized by Owner and paid at Customer's expense documenting that the Equipment is in full working order, in complete repair and is in good retail condition acceptable to the Owner. Customer agrees to remove any and all sensitive data stored on Equipment or software at Customer's expense. Upon request, Customer shall advise Owner as to the exact location of the Equipment. Owner reserves the right to inspect the Equipment (by a source authorized by the Owner) at any time during normal business hours throughout the Agreement term and Customer shall permit Owner access to the Equipment for such purposes.

6. WARRANTIES: OWNER MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EXPRESS OR IMPLIED, THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THE EQUIPMENT IS MERCHANTABLE. CUSTOMER SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT INCLUDED IN THIS AGREEMENT BASED UPON CUSTOMER'S OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY OWNER. OWNER SHALL HAVE NO LIABILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT, FOR ANY DELAY OR FAILURE BY SUPPLIER(S) TO DELIVER AND INSTALL THE EQUIPMENT OR TO PERFORM ANY SERVICES, OR WITH RESPECT TO THE SELECTION, INSTALLATION, TESTING, PERFORMANCE, QUALITY, MAINTENANCE, OR SUPPORT OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OWNER'S AND NO REPRESENTATION BY SUPPLIER SHALL IN ANY WAY AFFECT CUSTOMER'S DUTY TO PAY THE RENTAL PAYMENTS AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT.

7. LOSS OR DAMAGE: Customer is responsible for the risk of loss, destruction of, or damage to the Equipment. No such loss or damage relieves Customer from the payment obligations under this Agreement. Customer agrees to promptly notify Owner in writing of any loss or damage and at Owner's discretion either pay to Owner the Accelerated Amount or repair or replace the Equipment so that the Equipment is returned to the condition required herein.

8. COLLATERAL PROTECTION & INSURANCE: Customer agrees to keep the Equipment fully insured against property damage and/or loss with Geneva Capital, LLC and its Assigns as Loss Payee in an amount not less than the original Equipment Cost until this Agreement is terminated. Customer also agrees to obtain a $500,000 comprehensive general liability insurance policy and to include Geneva Capital, LLC and its Assigns as an Additional Insured on the policy. Customer agrees to provide Owner with a complete certificate of insurance acceptable to Owner, before this Agreement begins. In the event the acceptable certificate is not received or later lapses, Customer further authorizes Owner as Customer's attorney-in-fact to enroll Customer in an equipment protection program through a third-party insurance provider and Customer agrees to pay a monthly administrative surcharge to Owner. Owner shall be under no obligation or duty to enroll Customer in such program and such coverage may not protect Customer's interests and may be at a higher cost than what Customer could arrange on its own. Any insurance proceeds will be paid to Owner and Customer grants Owner a power of attorney to effectuate such payments of insurance proceeds or negotiate checks. Insurance proceeds shall be applied to any loss or damage, but Customer shall remain liable for any balance due under this Agreement if insurance proceeds are insufficient to pay off the Lease. **NOTHING IN THIS PARAGRAPH WILL RELIEVE CUSTOMER OF CUSTOMER'S RESPONSIBILITY FOR PROPERTY AND LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT.**

9. INDEMNITY: Customer shall and does hereby agree to indemnify, defend and hold harmless Owner and any Assignee, and each of their directors, officers, employees, agents or affiliates from any and all claims, demands, actions, suits, proceedings, costs, expenses, damages, and liabilities (including attorneys' fees) arising out of, connected with or resulting from the delivery, possession, use, operation, maintenance, repair or return of Equipment by Customer or its employees, agents, customers or vendors. Customer's obligations under the preceding sentence shall survive expiration of any rental term or the termination of the Agreement.

10. TAXES AND FEES: Customer agrees to pay when due all taxes (including but not limited to sales tax, personal property tax, fines and penalties) relating to this Agreement or the Equipment on a monthly basis. If the Equipment is subject to personal property tax, Customer agrees to pay a monthly amount to Owner, beginning in the first year in which the taxes are assessed, calculated as 1/12th of the estimated personal property tax for the year as well as any administrative fees charged by the Owner for processing the tax filings. Such amount will be adjusted each year to reflect changes in the valuation of the Equipment. If the Equipment or use of the Equipment requires licensing or registration with any governmental authority, Customer shall, at Customer's expense, obtain and maintain such license or registration continuously during the term of this Agreement and pay all license and/or registration fees. Customer agrees Owner may make a profit on any administrative surcharge, or processing of any taxes and/or fees.

11. ASSIGNMENT: **CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** Owner may sell, assign, or transfer this Agreement. Customer agrees that if Owner sells, assigns, or transfers this Agreement, the new owner will have the same rights and benefits that Owner has now and will not have to perform any of Owner's obligations. Customer agrees that the rights of the new owner will not be subject to any claims, defenses, or set offs that Customer may have against Owner.

12. DEFAULT AND REMEDIES: If Customer does not pay any rental payment or other sum due to Owner when due, or if Customer breaches any of Customer's obligations in the Agreement or any other agreement with Owner, or if Customer or any Guarantor of Customer's obligations dies, becomes insolvent, files for or is the subject of a proceeding in bankruptcy, Customer will be in default. Customer agrees that a default under this Agreement or any other agreement between Customer and Owner shall constitute a default under all agreements at Owner's discretion. If any part of a payment is not received by Owner within 4 days of its due date, Customer agrees to pay a late charge of 15% of the payment which is late or $25.00, whichever is greater, or if less, the maximum charge allowed by law. If Customer is ever in default, Owner may do any of the following, each of which shall be cumulative: retain Customer's security deposit; elect not to renew any or all time-out controls programmed within the Equipment; remotely disable the Equipment; instruct Supplier, manufacturer or others to withhold service on the Equipment; proceed by appropriate court action(s) to enforce any right or remedy under this Agreement, at law or in equity, including any right under the UCC; recover interest on any unpaid payment from the date it was due until fully paid at the rate of 18% per annum or if less the highest rate permitted by law; without notice, cancel this Agreement whereupon all of Customer's rights to the use of the Equipment shall terminate, and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall remain liable for all amounts due herein; take possession of any or all of the Equipment and sell, dispose of, hold, use or lease the Equipment; declare immediately due and payable, as liquidated damages for loss of bargain and not as a penalty (i) all accrued and unpaid rent and other accrued obligations hereunder, plus (ii) the sum of all unpaid rent for the remaining Agreement term plus the end of term purchase option price, both discounted to present value at a discount rate of 3% (the "Accelerated Amount") (the Accelerated Amount shall bear interest at a rate equal to 18% per annum or if less the highest rate permitted law). If any information supplied by Customer on the credit application or during the credit process is later found to have been falsified or misrepresented, Customer shall be considered in default and in addition to the preceding remedies, Owner may file criminal charges against Customer and prosecute to the fullest extent of the law. If Owner refers this Agreement to an attorney or collection agency for collection, Customer agrees to pay Owner reasonable attorney and collection fees and actual court costs. Customer further agrees that in the event of default, Owner shall be allowed to take possession of the Equipment and in the event of repossession transfers all ownership interest in said equipment to Owner. If Owner takes possession of the Equipment, Customer agrees to pay the cost of repossession including any damage to the Equipment or real property as a result of the repossession. Customer agrees that Owner will not be responsible to pay Customer any consequential or incidental damages for any default by Owner under this Agreement. Customer agrees that any delay or failure to enforce Owner's rights under this Agreement does not prevent Owner from enforcing any rights at a later time. Customer further authorizes Owner to obtain and use consumer credit reports as may be needed and Customer waives any right or claim Customer may otherwise have under the Fair Credit Reporting Act in absence of this continuing consent.

13. MISCELLANEOUS: The Security Deposit is to secure Customer's performance under this Agreement. Customer will pay the security deposit on the date Customer signs this Agreement. In the event this Agreement is not fully completed or consummated, the security deposit will be retained by Owner to compensate Owner for Owner's documentation, processing, collection efforts and other expenses. If all conditions herein are fully complied with and provided there are no events of default to this Agreement per paragraph 12, the security deposit will be refunded to Customer after the return of the Equipment in accordance with paragraph 5 or the Agreement is paid in full. This Agreement may be signed in counterparts that together will constitute one document. This Agreement may be executed by way of facsimile or electronic transmission, and if so, shall be treated as an original having the same binding legal effect. Only the counterpart of this Agreement that bears Owner's manually applied signature shall constitute the original chattel paper for purposes of possession. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement. Captions or paragraph headings are intended for convenience or reference only and shall not be construed to define, limit or describe the scope or intent of any provision hereof. Customer will promptly execute or otherwise authenticate and deliver to the Owner such further documents or take such further action as Owner may reasonably request in order to carry out the intent and purpose of this Agreement. Unless Customer provides Owner with written notice of non-acceptance of the Equipment within ten (10) days of Supplier's delivery of Equipment to Customer, the Equipment shall be deemed to be fully accepted and Agreement shall be fully valid and in force whether or not Customer has executed a Delivery & Acceptance Certificate. Upon Owner's request, Customer agrees to provide updated financial information (including but not limited to financial statements and tax returns).

14. LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. CUSTOMER EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN OWNER'S STATE OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY OWNER. CUSTOMER EXPRESSLY CONSENTS TO GOVERNING LAW, VENUE PROVIDED HEREINAND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES CUSTOMER MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.

AUTHORIZED SIGNATURE **DATE**

Geneva Capital, LLC
1311 Broadway Street
Alexandria, MN 56308

Credit Release & Information Verification Language

By signing this application the applicant(s) certifies that all information contained in this application, and all attachments hereto, are true and accurate to the best of the applicant(s) knowledge and are made for the purpose of obtaining credit for business purposes, and not for personal or family use. The applicant(s) hereby authorize Geneva Capital L.L.C. and its assigns to obtain and use consumer credit reports on the undersigned, now and from time to time, as may be needed in the credit evaluation and review process and waives any right or claim the applicant(s) would otherwise have under the Fair Credit Reporting Act in absence of this continuing consent. The applicant(s) further authorize any government agency, bank or financial institution to release credit information on the applicant(s) accounts to Geneva Capital L.L.C. and its assigns. If credit is extended, Applicant agrees that submitting an electronic, photocopy or facsimile copy of a signed authorization shall be deemed to be binding, valid, genuine and authentic as an original-signature document for all purposes. The applicant(s) further authorize Geneva Capital L.L.C. to mail, fax or e-mail solicitations of future lease financing services to applicant.

X ____________________________________ ________________________________

Signature *Date*

4854-4745-0461, v. 1

Exhibit ~~I~~H-2Guidant Financial Group Agreement

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iFinance Agreement

Investing your retirement savings into a small business can be a prudent strategy for achieving your retirement goals. Guidant Financial is dedicated to ensuring that Guidant's iFinance meets all applicable regulations for a Rollover for Business Start-ups plan.

Please review each statement and verify your understanding of the specific actions you must take when utilizing a Rollover for Business Start-ups plan such as Guidant's iFinance.

FIDUCIARY OBLIGATIONS:

To benefit from the tax-deferred advantages of a qualified retirement account, regulations require that you choose investments that are in the best interest of your retirement account.

I verify that I have performed due diligence and believe that my decision to invest my personal retirement funds into the corporation is a good investment in the best interest of my 401(k).

I verify my understanding that I could lose up to 100% of my investment if the business fails.

I have done my own due diligence and have determined that the use of my retirement monies as funding source for iFinance and related business transaction is a prudent use of my retirement monies and is a good investment for the 401(k) Plan.

401(k) PLAN RESPONSIBILITIES:

As the trustee of a 401(k) plan, you have a duty to manage the plan so that it benefits *all* employees not just the owners and officers of the Corporation.

I verify that I will use this 401(k) as a long-term savings vehicle for *all* employees of the business and agree that I will encourage all eligible employees to participate.

I verify my understanding that when company stock is offered for purchase within the 401(k) plan, the offering *must* be available for *all* eligible employees.

PERSONAL SALARY/COMPENSATION CONSIDERATIONS:

To avoid any appearance of a conflict-of-interest with your 401(k) investment, you must defer paying yourself compensation until the company becomes an active business.

I verify that I will not draw compensation from the company before being opened for business; the company must be actively engaged in the buying or selling of goods and/or services.

I verify my understanding that my compensation should come from revenue generated from the business and not from the proceeds of the sale of employer stock to the 401(k).

I verify my understanding that taking compensation above what is fair and reasonable for the position and industry can create a prohibited transaction.

TERMS OF AGREEMENT:

I acknowledge that I have read, understand, and agree to be bound by the terms of this Agreement as detailed in the linked .[1] These Terms of Agreement are hereby incorporated by reference and, together with the documents executed in connection therewith, constitute the entire agreement between parties. There are no agreements, understandings, restrictions, representations, or warranties other than those set forth or referred to herein unless the parties have entered into an Addendum in writing, signed by the parties, that specifically references this Agreement.

I agree to discuss these requirements – *Fiduciary Obligations, 401(k) Plan Responsibilities, & Personal Salary/Compensation Considerations* – with my Outside Counsel to make an informed decision.

Signature Date Printed Name

[1] http://www.guidantfinancial.com/Libraries/documents/Guidant_401k_Online_Terms_and_Conditions_2010_09_21.sflb.ashx

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iFinance Agreement

CLIENT INFORMATION

Client Legal Name:
Client Date of Birth:

Spouse's Name (if applicable):
Spouse's Date of Birth:

Client Address:

County:

City:

State:

Zip:

What state do you want the Corporation filed in?[2]:

SHAREHOLDER INFORMATION

Retirement Funds/Accounts: Please list all parties investing retirement funds that will be used with iFinance.

❖ Have there been any rollovers within any of the below referenced accounts within the last 12 months?

If yes, please explain:

Account Owner Name	Type	Custodian	Amount	Inherited?

Non-Retirement Funds: Please list all parties investing personal funds in your new Corporation

Account Owner Name	Source	Amount
	Guidant Fee/Cash	

I have confirmed with my custodian that my funds can be transferred and I acknowledge that I am ultimately responsible for ensuring that my funds are eligible for transfer/rollover into the iFinance Plan.

The Internal Revenue Code imposes a limit of one IRA-to-IRA distribution with a 12 month period. Distributions that fall outside this exception are subject to applicable taxes and penalties. Have you made a 60 day IRA-to-IRA distribution from any IRA you own during the preceding 12 months, whether that IRA is listed above or not? If "yes" what was the date on the distribution check and to whom was that check made payable?

[2] In the event you submit your contract and later change the state of investment, additional requirements and fees will apply. Contact Guidant immediately.

1120 112th Ave N.E., Ste. 400 | Bellevue, WA 98004
www.guidantfinancial.com

OUTSIDE COUNSEL

Consultations with outside counsel are conducted by telephone. Please indicate who you prefer to have represented by outside counsel[3]:

I, ________________________________, hereby acknowledge that I have personally filled out the iFinance Agreement, the information therein is accurate to the best of my knowledge, and Guidant is entitled to rely on that information in fulfilling the iFinance.

PROPOSED INVESTMENT: BUSINESS TRANSACTION

- Are you purchasing a franchise?
- Will you be purchasing an existing business with iFinance?
  If **yes**, please answer the four following questions:
  1. This acquisition is an:
  2. Who are you purchasing the existing business from:
     - ❖ If **other**, please specify:
  3. Does this existing business have employees that will remain with the business after you acquire it?
     - ❖ If yes, how many existing employees are expected to remain with the business?
  4. Does this existing business have an existing retirement plan of any type?

❖ If yes, specify the type: If **other**, please specify:

- Do you contemplate the iFinance corporation will purchase, lease or otherwise occupy real estate that is owned by you, a family member or any entity in which you or any family member have any ownership?
  If **yes**, please explain:
- Do you anticipate the iFinance corporation entering into <u>any</u> type of commercial transaction or dealings with you, a family member or any entity in which you or any family member have ownership?
  If **yes**, please explain:
- Identify any and all parties (including other entities) involved with your pending business transaction. Include any familial relationships among those parties:

---

[3] As provided in Paragraph 10 of the "Terms and Conditions." Client will receive two telephonic consultations, each ranging from 30-60 minutes maximum as determined by outside legal counsel to provide legal advice to Client on issues pertaining to the iFinance structure. If client's spouse/other investor desires to have separate legal counsel (i.e. no joint representation), the legal fees and costs of that separate legal counsel for the spouse/other investor will be the sole responsibility and expense of the Client. Client understands and agrees that GUIDANT will have no responsibility for such additional expenses.
"Joint Representation" means that both parties will be considered equally as clients, that both have the same legal interests, and both agree to attend all conferences with Outside Counsel. If you cannot meet those requirements, you must select single representation. With single representation, you may invite your spouse to attend any conference even if the spouse is not a client, with the understanding that you waive confidentiality in order to have the spouse attend. In this case, you both understand that only the represented spouse is entitled to reply on the legal advice.

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iFinance Agreement

Do you, your spouse, your children, or other Investor(s) currently have ownership interest in any other business entities? (These include sole proprietorships, inactive and shell entities.)

[redacted]

Entity Name | State of Filing | Entity Type | Active? | What does it do?

Your ownership | Spouse's Ownership | List other owners, their relationship to you, and percentage of their ownership:

of Employees | # of 1099 Contractors: | Will this business interact with the iFinance business in any way?

Explain:

Type of Existing Retirement Plan:

I understand that ANY interaction or co-commingling between any entity/business I have an ownership interest in and the new corporation that is being set up as part of my iFinance plan may constitute a prohibited transaction. If I decide that the entity or entities in which I have a personal ownership interest will interact with the iFinance corporation in any way, I agree to consult with my account manager and the outside legal counsel referred by Guidant, prior to such interaction. I agree to inform my outside counsel of all facts relating to any such possible interaction. *My initials below indicate that all individuals involved in the iFinance structure understand and agree to the above statements.*

820 82nd Ave N.E., Ste. 410 | Bellevue, WA 98004
www.guidantfinancial.com

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iFinance Agreement

This Agreement to Provide Services, dated , is a contract between Guidant Financial Group, Inc. ("GFG") and ("Client").

Upon return of a signed and completed copy of this Agreement, subject to the , your payment of GFG's Agreed Fee, and the approval of this Agreement by GFG's compliance department, you will have retained GFG to produce documents and to provide services required for the iFinance program, as detailed below:

[redacted]

Please add the optional expedited service to the Agreed Fee for an additional $499.00. This includes the expedited filing fee (where available), overnight delivery of documents as necessary, and expedited processing priority. This service is not offered for all states - consult your Consultant for details.[7]

Method of payment (select one of the choices below):

I have read, understand and agree to the terms of this agreement as detailed in the linked " ".[8]

Client Signature Date Printed Name

[4] The default state of filing will be the Client's state of residence, unless otherwise indicated by the client and agreed to by GFG. It is the client's responsibility to notify GFG if client would prefer to file in a state other than client's state of residence. The number of shares and par value authorized for your Corporation will be determined based on GFG's standard practices, unless agreed to otherwise. GFG will pay up to $500 in filing fees directly associated with the filing of the Articles of Incorporation. Filing fees will be determined by state filing fee requirements and based on GFG's standard filing practices, unless agreed to otherwise. Any filing fees, including fees related to the expedite of such filing, in excess of $500 are the sole responsibility of the client and such excess fees must be paid by the client to GFG in advance of filing the Articles of Incorporation. GFG cannot guarantee the processing times for filings and will not be held liable for any damages caused by delay from processing a filing.

[5] In addition to the Agreed Fee, you will have the opportunity to engage GFG for the required recordkeeping services of your 401(k) Plan. Recordkeeping fees begin at $119 per month. Fees will be paid in accordance with the terms of the Recordkeeping Agreement. Additional Recordkeeping fees may apply.

[6] As detailed in Paragraph 10 of the "Terms of Agreement."

[7] EXPEDITE filings in California will incur an additional charge of $200 for each entity. This charge will be added to the Agreed Fee.

[8] Each individual contributing retirement funds to the iFinance is required to sign the agreement.

EXHIBIT ~~J~~I

PROVISION SERVICES AGREEMENT

SERVICES AGREEMENT

THIS SERVICES AGREEMENT (the "Agreement") is made and entered into as of the ____ day of____________, 20____(the "Effective Date"), by and between PV Distribution LLC, a Delaware limited liability company ("ProVision") and________________________________, ("Customer") having a Waxing the City® Studio located at the following address: ____(the "Studio").

1. Services:

a. *Website Hosting Services.* ProVision agrees to perform and provide to Customer, services consisting of non-exclusive electronic access to a digital information processing, transmission and storage system ("Server") to store Customer's website ("Site") and make the Site available on and via the global computer communications network ("Internet") as specified herein ("Hosting Services"). Customer agrees that the Hosting Services shall not include any web site development services, authorship or creation with respect to the Site.

b. *Software Installation and Support.* ProVision agrees to install the Waxing the City-approved proprietary studio management software (the "Proprietary Software") on Customer's Equipment (defined in Section 3.d.), or assist Customer in its access to the Proprietary Software in the event the Proprietary Software is web-based and, through it or its designees, to provide remote support of the Proprietary Software ("Proprietary Installation and Support Services" or "Proprietary I&S Services"). The Proprietary I&S Services may include the periodic upgrading of the Proprietary Software with newer versions or releases. All installation, assistance and support for the Proprietary Software is provided remotely. Upgrades, updates or other changes to the Proprietary Software may be made remotely and at such times as ProVision deems necessary or appropriate, in its sole discretion, with or without notice. Upon availability of a new release or version of the Proprietary Software, ProVision may cease supporting prior versions or releases upon not less than thirty (30) days prior written notice. Any new or additional Equipment necessitated by a software upgrade will be the responsibility of Customer.

c. Security Monitoring. ProVision agrees to perform and provide to Customer security monitoring services ("Security Monitoring Services") if, and only if, Customer purchases all security equipment through ProVision pursuant to a separate purchase order and ProVision installs that equipment. Customer acknowledges that the Security Monitoring Services will include the monitoring of the physical alarm system but such Security Monitoring Services do not include the video recorders or the monitoring of closed circuit televisions (CCTVs). *ProVision will not provide Security Monitoring Services for a security system purchased from, or installed, by a third party.*

d. *Availability of Services.* The Hosting Services, Proprietary I&S Services and Monitoring Services (if applicable) are collectively referred to as the "Services." Subject to the terms and conditions of this Agreement, ProVision shall attempt to provide the Services for twenty-four (24) hours a day, seven (7) days a week throughout the term of this Agreement. Customer agrees that from time to time the Services may be inaccessible or inoperable for any reason, including, without limitation: (i) equipment malfunctions; (ii) periodic maintenance procedures or repairs which ProVision may undertake from time to time; or (iii) causes beyond the control of ProVision or which are not reasonably foreseeable by ProVision, including, without limitation, interruption or failure of telecommunication or digital transmission links, hostile network attacks network congestion or other failures. Customer agrees that ProVision has no control of availability of Services on a continuous or uninterrupted basis.

e. *ProVision Materials.* In connection with performance of the Services and at the sole discretion of ProVision with no obligation, ProVision may provide to Customer certain materials, including, without limitation, license to the Proprietary Software or other computer software (in object code or source code form), data, documentation or information developed or provided by ProVision or its suppliers under this Agreement, domain names, electronic mail addresses and other network addresses assigned to Customer, and other know-how, methodologies, equipment, and processes used by ProVision to provide the Services to Customer ("ProVision Materials").

f. *Customer Content.* Customer shall be solely responsible for providing, updating, uploading and maintaining the Site and any and all files, pages, data, works, information and/or materials on, within, displayed, linked or transmitted to, from or through the Site, including, without limitation, trade or service marks, images, photographs, illustrations, graphics, audio clips, video clips, email or other messages, metatags, domain names, software and text ("Customer Content"). The Customer Content shall also include any registered domain names provided by Customer or registered on behalf of Customer in connection with the Services.

2. Licenses, Access and Proprietary Rights

a. *License of Customer Content.* Customer grants to ProVision, and ProVision accepts from Customer, a non-exclusive, worldwide and royalty free license to copy, display, use and transmit on and via the Internet the Customer Content in connection with ProVision's performance or enforcement of this Agreement.

b. *Access to Customer Equipment and Facilities.* Customer shall permit ProVision access to the facility at the above-referenced address to install and configure all Equipment and any ProVision Materials necessary for ProVision to perform the Services.

c. *License of ProVision Materials.* In consideration of Customer's payment of all compensation to ProVision pursuant to Section 4, ProVision grants to Customer, and Customer accepts from ProVision, a limited, non-transferable, non-exclusive license or sublicense, as applicable, for the term of this Agreement, to copy and use the ProVision Materials, solely in connection with the operation of the Studio identified at the above referenced address and in connection with the Site for Customer's internal business purposes.

d. *ProVision Proprietary Rights.* ProVision shall retain all right, title and interest (including copyright and other proprietary or intellectual property rights) in the ProVision Materials and all legally protectable elements, derivative works, modifications and enhancements thereto, whether or not developed in conjunction with Customer, and whether or not developed by ProVision, Customer or any contractor, subcontractor or agent for ProVision or Customer. To the extent that ownership of the ProVision Materials do not automatically vest in ProVision by virtue of this Agreement or otherwise, Customer agrees to and hereby does transfer and assign to ProVision all right, title and interest in the ProVision Materials and protectable elements or derivative works thereof. Upon any termination or expiration of this Agreement, Customer shall return all ProVision Materials to ProVision and erase and remove all copies of all ProVision Materials from any computer equipment and media in Customer's possession, custody or control.

3. Site and Services Terms and Limitations

a. *Site Storage and Security*. At all times, Customer shall bear full risk of loss and damage to the Site and all Customer Content. Customer shall be solely responsible for undertaking measures to: (i) prevent any loss or damage to Customer Content; (ii) maintain independent archival and backup copies of the Site and all Customer Content; (iii) ensure the security, confidentiality and integrity of all Customer Content transmitted through or stored on the Server; and (iv) ensure the confidentiality of Customer's password. The Server, ProVision and Services are not an archive and ProVision shall have no liability to Customer or any other person for loss, damage or destruction of any Customer Content. If Customer's password is lost, stolen or otherwise compromised, Customer shall promptly notify ProVision, whereupon ProVision shall suspend access to the Services by use of such password and issue a replacement password to Customer's authorized representative.

b. *Acceptable Use Policy*. Customer is solely responsible for all acts, omissions and use under and charges incurred with Customer's account or password or in connection with the Site or any Customer Content displayed, linked, transmitted through or stored on the Server. Customer agrees not to engage in unacceptable use of any Services, which includes, without limitation, use of the Services to: (i) disseminate or transmit unsolicited messages, chain letters or unsolicited commercial email; (ii) disseminate or transmit any material that, to a reasonable person may be abusive, obscene, pornographic, defamatory, harassing, grossly offensive, vulgar, threatening or malicious; (iii) disseminate or transmit files, graphics, software or other material, data or work that actually or potentially infringes the copyright, trademark, patent, trade secret or other intellectual property right of any person; (iv) create a false identity or to otherwise attempt to mislead any person as to the identity, source or origin of any communication; (v) export, re-export or permit downloading of any message or content in violation of any export or import law, regulation or restriction of the United States and its agencies or authorities, or without all required approvals, licenses and/or exemptions; (vi) interfere, disrupt or attempt to gain unauthorized access to any computer system, server, network or account for which Customer does not have authorization to access or at a level exceeding Customer's authorization; (vii) disseminate or transmit any virus, trojan horse or other malicious, harmful or disabling data, work, code or program; or (viii) engage in any other activity deemed by ProVision to be in conflict with the spirit or intent of this Agreement or any ProVision policy.

c. *Rights of ProVision*. Customer agrees that ProVision may, in its sole discretion, remove or disable access to all or any portion of the Site or Customer Content stored on the Server at any time and for any reason. ProVision has no obligation to monitor the Site or any Customer Content, but reserves the right in its sole discretion to do so.

d. *Equipment.* Customer shall be solely responsible for providing, maintaining and ensuring compatibility with all hardware, software, electrical and other physical requirements necessary for ProVision to perform the Services and for Customer to access the Site, including, without limitation, telecommunications and digital transmission connections and links, routers, local area network servers, virus software, firewalls, or other equipment (collectively "Equipment").

e. *Alarm Permit.* Customer acknowledges that an alarm permit may be required. Obtaining the alarm from the local authority (Police or Fire Departments) is the responsibility of Customer.

f. *Monthly Alarm Testing.* Customer agrees that a monthly test of the security system is required.

4. Payment Terms

a. *Payments*. Customer shall pay ProVision for the Services and license hereunder at Section 2(c) the amounts set forth below. ProVision expressly reserves the right to change its rates charged hereunder for the Services at any time, upon thirty (30) days' notice to Customer.

Technology Fee for ProVision Materials and Proprietary I&S, Web Hosting, and Monitoring Services Fee = ~~**$399**~~ **$599.00**

ProVision will not provide Security Monitoring Services for any security system purchased from or installed by a third party.

b. *Invoices.* Customer will be invoiced on a monthly basis in advance for Services to be provided for such month. Customer agrees to sign and deliver to ProVision and to ProVision's bank(s) and Customer's bank, as necessary, all forms and documents that ProVision may request to permit ProVision to debit Customer's account, either by check, via electronic funds transfer or other means or methods as ProVision may designate (the "Payment Methods") for the Technology Fee and for any other fees and payments that may be owing to ProVision under this Agreement. Customer will notify ProVision at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, Customer will immediately provide all documents and information necessary to permit ProVision to debit the amounts due from an alternative account.

i. If any check that Customer submits to ProVision is returned for insufficient funds, or if ProVision is unable to collect funds via the Payment Methods due to insufficient funds, Customer will pay ProVision an Insufficient Funds Fee of $100 for each returned check, and each time ProVision is unable to collect monies via the Payment Methods.

ii. ProVision reserves the right to invoice on a pro rata basis for any part of a calendar month to allow for subsequent invoices to be calculated and paid on a calendar monthly basis.

iii. If Customer is delinquent in its payments, in addition to any other rights ProVision has under this Agreement, ProVision may suspend Services upon written notice to Customer until all payments are current and ProVision may modify the payment terms to require other assurances to secure Customer's payment obligations hereunder.

iv. All fees charged by ProVision for Services are exclusive of taxes and similar fees now in force or enacted in the future imposed on the transaction, all of which the Customer will be responsible for, except for taxes based on ProVision's net income.

v. Customer agrees that amounts of any unpaid invoice shall accrue interest at one and one half percent (1.5%) per month or the maximum amount permitted by law, whichever is less.

vi. Customer shall pay all costs of collection, including reasonable attorney's fees and costs, in the event any invoice requires collection efforts.

c. *Taxes*. Customer shall promptly pay all federal, state and local taxes arising out of this Agreement and the Services and equipment described herein, including any sales to similar tax on any payments payable to ProVision under this Agreement. ProVision will not be liable for these or any other taxes, and Customer will indemnify ProVision for any such taxes that may be assessed or levied against ProVision which arise or result from the Services or equipment described in this Agreement.

5. Warranties and Disclaimer

a. *ProVision Warranties*. ProVision warrants to Customer that: (i) ProVision has the right and authority to enter into and perform its obligations under this Agreement; and (ii) ProVision shall perform the Services in a commercially reasonable manner. Customer's sole remedy in the event of breach of this warranty will be to terminate the Agreement pursuant to Section 8.

b. *Customer Warranties*. Customer represents and warrants to ProVision that: (i) Customer has the power and authority to enter into and perform its obligations under this Agreement; (ii) Customer Content does not and shall not contain any content, materials, data, work, trade or service mark, trade name, link, advertising or services that actually or potentially violates any applicable law or regulation or infringe or misappropriate any proprietary, intellectual property, contract or tort right of any person; and (iii) Customer has express written authorization from the owner to copy, use and display the Customer Content on and within the Site.

c. *Disclaimer of Warranty*. EXCEPT AS EXPRESSLY STATED AT SECTION 5(a), PROVISION MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE, CONCERNING ANY SUBJECT MATTER OF THIS AGREEMENT. PROVISION EXPRESSLY DISCLAIMS ANY WARRANTY THAT THE SERVICES OR PROVISION MATERIALS WILL MEET CUSTOMER’S REQUIREMENTS OR WILL BE UNINTERRUPTED, ERROR FREE OR FREE FROM DATA LOSS.

6. Limitation of Liability

EXCLUSIVE OF LIABILITY UNDER SECTION 7 (INDEMNIFICATION), IN NO EVENT SHALL PROVISION BE LIABLE TO CUSTOMER OR ANY OTHER PERSON FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF DATA, LOSS OF PROFIT OR GOODWILL, FOR ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ITS SUBJECT MATTER, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHERWISE, EVEN IF PROVISION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. PROVISION'S TOTAL LIABILITY FOR DAMAGES SHALL BE LIMITED TO THE TOTAL FEES PAID BY CUSTOMER TO PROVISION HEREUNDER FOR THE ONE (1) YEAR PERIOD PRIOR TO ANY ACT OR OMISSION GIVING RISE TO ANY POTENTIAL LIABILITY.

7. Indemnification

a. *By Customer.* Customer agrees to indemnify, hold harmless and defend ProVision and its directors, officers, employees and agents from and against any third party action, claim, demand, dispute, or liability, including reasonable attorney's fees and costs, arising from or relating to: (i) Customer's breach of this Agreement; (ii) any negligence or willful misconduct of Customer; (iii) any allegation that the Site or Customer Content infringes a third person's copyright, trademark or proprietary or intellectual property right, or misappropriates a third person's trade secrets; or (iv) any action or conduct of ProVision undertaken pursuant to this Agreement. Customer agrees that ProVision shall have the right to participate in the defense of any such claim through counsel of its own choosing.

b. *By ProVision.* ProVision agrees to indemnify, hold harmless and defend Customer and its directors, officers, employees and agents from and against any third party action, claim, demand or liability, including reasonable attorney's fees and costs, arising from or relating to any allegation that the ProVision Materials infringe a third person's copyright, trademark or proprietary or intellectual property right, or misappropriates a third person's trade secrets.

8. Insurance

a. At all times during the term of this Agreement, Customer must maintain in force, at its sole expense, the types and amounts of insurance that ProVision may require from time to time. The insurance coverage must be maintained under one or more policies of insurance issued by insurance companies rated A+ or better by Alfred M. Best & Company, Inc. All policies must name ProVision and Waxing the City Franchisor LLC as additional insureds and must provide that ProVision receives ten (10) days' prior written notice of termination, expiration, reduction or cancellation of any such policy. Upon the execution of this Agreement Customer must provide ProVision with a copy of the certificate or other evidence as ProVision may require of the required insurance. Customer must submit to ProVision annually, a copy of the certificate or other evidence of the renewal or extension of any such insurance.

9. Term and Termination

a. *Term*. The term of this Agreement shall be in conjunction with Customer's Franchise Agreement executed between itself and Waxing the City Franchisor LLC to operate an Waxing the City® Studio at the Facility ("Franchise Agreement").

b. *Termination*. This Agreement may be terminated by a written agreement executed by the parties. In addition, the Agreement will terminate automatically without further notice in the event that the Franchise Agreement between Customer and Waxing the City Franchisor LLC is terminated or expires. Notwithstanding the foregoing, ProVision reserves the right, in its sole discretion and without prior notice, at any time, to suspend Customer's access to or use of the Server, Services or any portion thereof, in the event ProVision believes or has reason to believe that Customer is in violation or may be violating any term or condition of this Agreement. In the event of suspension of Services, ProVision shall thereafter provide prompt written notice to Customer of the suspension of Services and the reasons therefore. In addition, in the event that ProVision's license to or right to distribute the Proprietary Software is terminated for any reason, any license granted to Customer for use of the Proprietary Software shall automatically terminate. ProVision shall provide Customer with written notice of such termination. ProVision will use good-faith efforts to procure a substitute license for similar software including, without limitation, web-based software, within a period of thirty (30) days after termination. However, ProVision makes no representation or warranty as to the continued availability of the Proprietary Software and will have no liability whatsoever to Customer in such a termination event.

c. *Rights Upon Termination*. In the event this Agreement is terminated for any reason, Customer shall pay ProVision, on a pro rata basis, for all Services provided to Customer up to the date of termination.

10. General

a. *Independent Contractors*. The parties and their respective personnel, are and shall be independent contractors and neither party by virtue of this Agreement shall have any right, power or authority to act or create any obligation, express or implied, on behalf of the other party.

b. *Assignment*. Customer may not assign any of its rights, duties or obligations under this Agreement to any person or entity, in whole or in part, and any attempt to do so shall be deemed void and/or a material breach of this Agreement. ProVision may assign this Agreement or any of its rights, duties or obligations under this Agreement to any person or entity, in whole or in part, without Customer's consent. Upon ProVision's assignment of this Agreement or any of its rights, duties or obligations hereunder, it will be released from all obligations and liabilities arising or accruing in connection with this Agreement or such rights, duties or obligations so assigned in the event this Agreement is not assigned in whole, after the date of such transfer or assignment.

c. *Waiver*. No waiver of any Provision hereof or of any right or remedy hereunder shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. No delay in exercising, no course of dealing with respect to, or no partial exercise of any right or remedy hereunder shall constitute a waiver of any other right or remedy, or future exercise thereof.

d. *Severability*. If any Provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement shall remain enforceable.

e. *Notice*. All notices shall be in writing and shall be deemed to be delivered when received by certified mail, postage prepaid, return receipt requested. All notices shall be directed to the parties at the respective addresses given above or to such other address as either party may, from time to time, designate by notice to the other party.

f. *Amendment*. No amendment, change, waiver, or discharge hereof shall be valid unless in writing and signed by both parties.

g. *Governing Law, Jurisdiction and Venue*. This Agreement shall be governed in all respects by the laws of the State of Minnesota without regard to its conflict of laws provisions. The parties hereto expressly agree that venue shall be exclusively in the state or federal courts located in Ramsey County, Minnesota. The parties hereto hereby consent to the exclusive jurisdiction of the federal and state courts in Ramsey County, Minnesota and expressly waive any objection to personal jurisdiction, improper venue and/or convenience of such forums.

h. *Survival*. The definitions of this Agreement and the respective rights and obligations of the parties under Sections 1(f), 2(a), 2(d), 3, 4, 5(b), 5(c), 6, 7, 8(c) and 9 shall survive any termination or expiration of this Agreement.

i. *Force Majeure*. If the performance of any part of this Agreement by either party is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, labor disputes, act of God or any other causes beyond the control of either party, that party shall be excused from such to the extent that it is prevented, hindered or delayed by such causes.

j. *Entire Agreement*. This Agreement constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to the subject matter hereof, superseding all prior or contemporaneous proposals, communications and understandings, oral or written.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this Agreement.

CUSTOMER	PV Distribution LLC
Signed:________________________________	Signed: ________________________________
Printed:________________________________	Printed:________________________________
Title:________________________________	Title:________________________________
Date: ________________________________	Date: ________________________________

WAXING THE CITY

EXHIBIT ~~K~~J

~~RE-SALE ASSISTANCE AGREEMENT~~

~~RE-SALE ASSISTANCE AGREEMENT~~

~~This Re-Sale Assistance Agreement (this "Agreement") is made as of the _____ day of _____________, 20__ between WAXING THE CITY FRANCHISOR LLC, a Delaware limited liability company ("we," "us") and ____ ("you").~~

~~You have been operating the Waxing the City Studio(s) identified at the end of this Agreement (the "Studio(s)") under one or more franchise agreements entered into with us or our predecessor. You have indicated an interest in selling the Studio(s) in accordance with the terms of your franchise agreements, and have requested our assistance. We have agreed to provide such assistance, to supplement your own marketing efforts, on the terms set forth in this Agreement.~~

~~In consideration of the mutual promises contained herein, the parties hereby agree as follows:~~

~~1. Your Initial Obligations. Upon execution of this Agreement, you will pay us a fee of Five Hundred and Forty-Nine Dollars ($549.00) for each of the Studio(s) listed at the end of this Agreement (the "Listing Fee"). You agree that this Listing Fee shall be fully earned upon execution of this Agreement and is nonrefundable in consideration of the expenses incurred by us, including but not limited to expenses incurred creating and distributing the Offering Profile described in Paragraph 2, below. You will also provide to us such information as you would want us to communicate to prospective purchasers of the Studio(s). Such information will include, at a minimum, the following:~~

~~a. Photographs of the Studio(s) and its equipment, sufficient to show all areas of the Studio(s) (exterior and interior);~~

~~b. Financial statements for each of the Studio(s) for the last three (3) full calendar or fiscal years, and for each month of the current year;~~

~~c. Copies of your business tax returns for the Studio(s) for each of the last three (3) years;~~

~~d. Copies of all leases and vendor contracts related to the Studio(s) or their operation;~~

~~e. A summary of outstanding loan balances on all loans to your business, including the monthly payment obligations and outstanding balances, any scheduled balloon payments, any outstanding defaults, and the collateral that secures the obligation;~~

~~f. A detailed equipment list of all equipment in the Studio(s), including but not limited to office furniture and equipment; and~~

~~g. Such other information or documents we may request.~~

~~2. Creation and Distribution of Offering Profile. Upon receipt of the foregoing information, we will create an "Offering Profile" for the Studio(s), highlighting photographs of the Studio(s), key attributes, asking price and terms, and other basic information for prospective purchasers. We will distribute the Offering Profile to Waxing the City franchisees and to other targeted groups, at our discretion. We will also put the Offering Profile on website(s) for club re-sales, and will link that listing with other business listing sites, again at our discretion. To the extent you provide additional information to us from time to time, we will update your Offering Profile, but we will not have an obligation to update it more than once every month.~~

~~3. Our Ongoing Assistance. So long as this Agreement is in effect, we will be available to you to provide reasonable support to guide you through the process of selling your Studio(s). This will include telephone support, and website support, at reasonable times, and reasonable intervals as we determine appropriate. We will also provide you a video tutorial on the sale of your Studio(s), including valuation tools.~~

~~4. Your Responsibility With Respect to Sale. You recognize and acknowledge that (i) our services are limited to assisting you in marketing your business, and guiding you through the sales process, and (ii) we do not represent or warrant the number of leads that might be generated, the price for which the Studio(s) might be sold, or that you will be able to consummate a sale. It is your responsibility to set the price and terms of sale, ultimately locate a purchaser, and negotiate with any prospective purchasers. However, you do represent that you will offer to sell the Studio(s) on the terms set forth in the Offering Profile, and that you will comply with all of the assignment provisions of your franchise agreement(s) in connection with the sale of the Studio(s).~~

~~5. Ongoing Fees. You will pay us an additional fee of Ninety Nine Dollars ($99.00) per month for each of the Studio(s) identified at the end of this Agreement so long as this Agreement is in effect, with the first payment due on the first of the month following the execution of this Agreement, and each additional payment due on the first day of each subsequent month. You may be liable to pay us an additional listing fee or commission upon the sale of the Studio(s); provided however, that you will remain liable for any transfer fees and any other fees and amounts that become due or payable under your franchise agreement(s) and any other agreements you have with us and our affiliates.~~

~~6. Forms. We may, in our discretion, provide to you copies of forms contained in our possession, such as form purchase agreements, notes, guaranties, security agreements, bills of sale, and lease assignments (collectively "Forms"). You may use these Forms as you determine appropriate in connection with the sale of the Studio(s); provided, however, that we will not provide these forms until we have received a letter of intent signed by a potential buyer. Those Forms are not intended, however, to be used without review by your attorney or other competent professional, and it is your exclusive responsibility to make certain that any sale documents comply with any legal requirements in your state.~~

~~In certain circumstances, you may request the use of these Forms without requiring any of our assistance described in Paragraphs 2 and 3 of this Agreement. Should you elect only to use our Forms and not the assistance described in Paragraphs 2 and 3 of this Agreement, you will not be required to pay the Listing Fee identified in Paragraph 1 or the Ongoing Fees identified in Paragraph 5. You will, however, be required to pay us a non-refundable fee of Nine Hundred and Ninety-Nine Dollars ($999.00) for the first Studio plus One Hundred Ninety-Nine Dollars ($199.00) for any additional Studio(s) listed at the end of this Agreement (collectively, the "Form Fee"). If you elect only to use our Forms, we will not provide any additional support relating to the sale of your Studio(s), including but not limited to facilitating the transfer of any information relating to the sale between the buyer and seller. If you elect this option, both of us must initial below at the time of execution of this Agreement and you must pay us the Form Fee upon execution of this Agreement. If you elect this option and do not close on the sale of your Studio within one hundred and twenty (120) days from execution of this Agreement, we will assist you with selling your Studio upon your written request. You will be required to agree to the terms of our then-current Resale Assistance Agreement; provided, however, we will waive the Listing Fee. As stated above, the Forms are not intended to be used without review by your attorney or other competent professional, and it is your exclusive responsibility to make certain that any sale documents comply with any legal requirements in your state.~~

~~By initialing below, you acknowledge that you are declining our assistance with creating and distributing an Offering Profile and our ongoing assistance as described in Paragraphs 2 and 3. In exchange for the payment of the Form Fee for each of the Studio(s), we will supply you the Form(s) and agree you shall not be liable for the fees listed in Paragraphs 1 or 5. You agree that you will review the Forms with your attorney or other competent professional and that it is your responsibility to make certain that the sale documents comply with the legal requirements in your state.~~

~~__________ / __________~~	~~__________ / __________~~	~~__________ / __________~~
~~Franchisee Initials~~ ~~Date~~	~~Franchisee Initials~~ ~~Date~~	~~Waxing the City Initials~~ ~~Date~~

~~7. Termination. You may terminate this Agreement at any time, with or without cause, upon ten (10) days' notice to us. We will also have the right to terminate this Agreement on ten (10) days' notice to you, but we may not do so during the first ninety (90) days, unless you have breached your obligations under this Agreement or under any other agreement you have with us. Once this Agreement is terminated, we will have no further obligations to you hereunder, and we will remove any listings we have initiated for the sale of the Studio(s). In the event you elect to relist your Studio(s) after the termination of this Agreement you will be required to execute a new Re-Sale Assistance Agreement on the terms offered at that time; provided, however, if you execute a new Re-Sale Assistance Agreement within one hundred and eighty (180) days of the termination of this Agreement, the Listing Fee shall be reduced to Two Hundred and Ninety-Nine Dollars ($299.00).~~

~~8. Assignment. Neither of us may assign our rights in or to this Agreement without the express written consent of the other party hereto; provided, that we may assign our rights, duties and obligations under this Agreement, without obtaining your consent and in our sole discretion, in connection with the sale or transfer of all or a portion of our business or assets. In such event we shall be released from all obligations or other liability under this Agreement.~~

~~9. Enforcement, Notice and Miscellaneous Provisions. The provisions of the most recent franchise agreement you have signed with us or our predecessor, under the headings of "Enforcement," "Notices," and "Miscellaneous," are hereby incorporated into this Agreement by reference and shall apply to this Agreement as if fully stated herein.~~

~~IN WITNESS WHEREOF, WE AND YOU HAVE SIGNED THIS AGREEMENT AS OF THE DATE SET FORTH ABOVE.~~

~~FRANCHISOR:~~ | ~~FRANCHISEE:~~
~~WAXING THE CITY FRANCHISOR LLC~~ | ______________________________

~~By:~~______________________________ | ~~By:~~______________________________
~~Its:~~______________________________ | ~~Its:~~______________________________

____
~~By:~~______________________________
~~Its:~~______________________________

~~WAXING THE CITY STUDIO(S) THAT ARE THE SUBJECT OF THIS AGREEMENT:~~

____
____
____

~~EXHIBIT L~~

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: ________________________
Location: __________________________
Date: ______________________________

Attention: Accounting

The undersigned hereby has entered into a Franchise Agreement with Waxing the City Franchisor LLC (the "Franchise Agreement"), and authorizes Waxing the City Franchisor LLC or any of its affiliated entities, including without limitation, PV Distribution LLC (collectively, "WTC Entities"), to initiate one-time, weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing weekly royalty fees, monthly general advertising contributions, monthly technology fees, and other amounts that become due and payable by the undersigned to WTC Entities pursuant to the Franchise Agreement or any other agreement between the undersigned and a WTC Entity. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by the WTC Entities.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned, subject to state law. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely yours,

____

___________________________________ Account Name	___________________________________ Bank Name
___________________________________ Customer Street Address	___________________________________ Branch
___________________________________ City State Zip Code	___________________________________ Bank Street Address
___________________________________ Customer Telephone Number	___________________________________ City State Zip Code
___________________________________ Customer's Account Number	___________________________________ Bank Telephone Number
___________________________________ Bank's Account Number	___________________________________ Bank Routing/ABA Number

EXHIBIT ~~M~~K

FRANCHISEE QUESTIONNAIRE

WAXING THE CITY

FRANCHISEE QUESTIONNAIRE – EXISTING FRANCHISEES

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Maryland or if the franchise is to be operated in Maryland.

As you know, Waxing The City Franchisor LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the operation of a franchised Waxing the City® studio (the "Franchise"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Have you received and personally reviewed the Franchise Agreement and/or Area Development Agreement and each exhibit or schedule attached to it?		
4. Are you legally eligible to work or own a business in the United States and/or Canada, including the state or province in which the Franchise will be located?		
5. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation regarding the actual, average or projected services, revenues, or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
6. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
7. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual or other promises, agreements, commitments, understandings, rights-of-first refusal or otherwise to you with respect to any matter, except as expressly set forth in the Franchise Agreement and/or Area Development Agreement or in an attached written Amendment signed by you and us?		
8. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Waxing the City Studio) that will affect your ability to sign or perform your obligations under the Franchise Agreement and/or Area Development Agreement?		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: ______________________________

Please insert the date on which you received a copy of the Area Development Agreement with all material blanks fully completed: ____________________________

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 responded truthfully, ~~completing~~completely and correctly to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under any applicable franchise law. ~~All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. This questionnaire~~

This Questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

______________________________	______________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT
______________________________	______________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT

DATE: ______________________________

WAXING THE CITY

FRANCHISEE QUESTIONNAIRE – PROSPECTIVE FRANCHISEES

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Maryland or if the franchise is to be operated in Maryland.

As you know, Waxing the City Franchisor LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the operation of a franchised Waxing the City® business (the "Franchise"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Have you received and personally reviewed the Franchise Agreement and/or Area Development Agreement and each exhibit or schedule attached to it?		
4. Are you legally eligible to work or own a business in the United States and/or Canada, including the state or province in which the Franchise will be located?		
5. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation regarding the actual, average or projected memberships, revenues, or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
6. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
7. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual or other promises, agreements, commitments, understandings, rights-of-first refusal or otherwise to you with respect to any matter, except as expressly set forth in the Franchise Agreement and/or Area Development Agreement or in an attached written Amendment signed by you and us?		
8. Are you legally eligible to travel to and attend New Franchisee Training at one of our designated training centers in the United States? If you answer "no", please provide an explanation here: ________________________________ ________________________________ ________________________________		
9. Are you currently involved in any other businesses/franchises that may interfere with		

QUESTION	YES	NO
the non-compete obligations outlined in the Waxing the City Franchise Agreement, or any other agreements you may have with other businesses/franchises? If yes, please describe the businesses/franchises here: ______ ______ ______		
~~QUESTION~~	~~YES~~	~~NO~~
10. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Waxing Studio) that will affect your ability to sign or perform your obligations under the Franchise Agreement and/or Area Development Agreement?		
11. Have there been any changes in any of the information you have provided to us or our affiliates in connection with any application for the Franchise, or in any application, statement or report you have provided to us? If yes, please describe the changes here: ______ ______ ______		
12. Have you been proven to have engaged in fraudulent conduct, or been convicted of, or plead guilty or no contest to, a felony or misdemeanor involving dishonesty or fraudulent conduct, or do you have any such charges pending? If yes, please describe all relevant facts here: ______ ______ ______		
13. Have you, in the past 10 years, declared bankruptcy, or taken any action, or had any action taken against you, under any insolvency, bankruptcy, or reorganization act? If yes, please describe all relevant facts here: ______ ______ ______		
14. Have you brought, been named in, or been directly involved in any past or pending litigation or formal dispute resolution process? If yes, please describe all relevant facts here: ______ ______ ______		
15. Is there any information that might appear on a credit or criminal history report that you wish to disclose and/or address, knowing that failure to disclose such information may be considered grounds for denial of a franchise? If yes, please describe all relevant facts here: ______ ______		

QUESTION	YES	NO
____		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: ____________________________________

Please insert the date on which you received a copy of the Area Development Agreement with all material blanks fully completed: ____

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 responded truthfully, ~~completing~~completely and correctly to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under any applicable franchise law. ~~All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. This questionnaire~~

This Questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

All prospective franchisees applying please sign here:

______________________________	______________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT
______________________________	______________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT

DATE: ______________________________

WAXING THE CITY PRINT NAME: ______________________________

5 Key Questions – New Franchisees

1. Why are you a good fit for Waxing the City? Why will you be an exceptional franchisee?

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____
____
____

2. Aside from operating your own studio, how will you make the Waxing the City brand and franchise system as a whole stronger?

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____
____
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3. Franchisees purposely give up some entrepreneurial freedom in exchange for joining an established system which provides ongoing education and support. You'll be tapping into a network of vendors, corporate staff and fellow franchisees, all of whom will allow you to flatten your learning curve and reduce your chances for error. Are you willing to trade some of your entrepreneurial freedom to work within this system?

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____

4. What are you willing to sacrifice to run a successful business? What are you unwilling to sacrifice?

____
____
____
____
____

5. In your opinion, what are the differences of a successful franchisee vs. a non-successful franchisee? What characteristics does the successful owner have?

____
____
____
____

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<u>All prospective franchisees applying please sign here</u>:

____________________________	____________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT
____________________________	____________________________
FRANCHISE APPLICANT	FRANCHISE APPLICANT

DATE: ____________________

~~4871-6585-2948, v. 1~~
4890-4060-1159, v. 2

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	~~May 12, 2022~~Pending
Hawaii	~~April 27, 2022~~Pending
Illinois	~~April 20, 2022~~Pending
Indiana	~~April 19, 2022~~Pending
Maryland	~~May 9, 2022~~Pending
Michigan	~~April 19, 2022~~Pending
Minnesota	~~May 10, 2022~~Pending
New York	~~July 15, 2022~~Pending
North Dakota	~~April 27, 2022~~Pending
Rhode Island	~~May 2, 2022~~Pending
South Dakota	~~April 20, 2022~~Pending
Virginia	~~April 20, 2022~~Pending
Washington	Pending
Wisconsin	~~April 19, 2022~~Pending

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.

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 Waxing the City Franchisor LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Waxing the City Franchisor LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The franchisor is Waxing the City Franchisor LLC, 111 Weir Drive, Woodbury, MN 55125. Its telephone number is 866-956-4612.

The name, principal business address and telephone number of each franchise seller offering the franchise

Franchise Seller Name	Business Address	Telephone Number
	111 Weir Drive, Woodbury, MN 55125	(651) 438-5000

ISSUANCE DATE: April ~~19~~18, ~~2022~~2023.

Waxing the City Franchisor LLC authorizes the respective parties identified on Exhibit A to receive service of process for us in the particular state, except in the State of Minnesota, where any of our officers are authorized to receive service of process on our behalf.

I have received a Disclosure Document with an Issuance Date of April ~~19~~18, ~~2022~~2023 that included the following Exhibits:

EXHIBIT A: LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT B: TABLE OF CONTENTS OF OPERATIONS MANUAL
EXHIBIT C: LIST OF FRANCHISEES
EXHIBIT D: FINANCIAL STATEMENTS AND GUARANTY
EXHIBIT E: FRANCHISE AGREEMENT, GUARANTY, GENERAL RELEASE AND STATE SPECIFIC ADDENDA
EXHIBIT F~~: CHARITABLE CONTRIBUTION ADDENDUM~~
~~EXHIBIT G~~: AREA DEVELOPMENT AGREEMENT, GUARANTY AND STATE SPECIFIC ADDENDA
EXHIBIT ~~H~~G: STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT ~~I~~H: FINANCING DOCUMENTS
EXHIBIT ~~J~~I: PROVISION SERVICES AGREEMENT
EXHIBIT ~~K: RE-SALE ASSISTANCE AGREEMENT~~
~~EXHIBIT L~~J: ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION
EXHIBIT ~~M~~K: FRANCHISEE QUESTIONNAIRE

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Waxing the City Franchisor LLC, at 111 Weir Drive, Woodbury, Minnesota 55125. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

______________________________ ____
Prospective Franchisee's Signature

Date Receipt Signed:

____
Print Name

______________________________ Address:____________________________________

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Date Disclosure Document Received:

_______________________   _______________________
Prospective Franchisee's Signature

Date Receipt Signed: _______________________
Print Name

_______________________   Address:_______________________

~~4868-0031-6944, v. 8~~
4895-5840-0839, v. 5