

FRANCHISE DISCLOSURE DOCUMENT



KCA Holdings LLC
a Colorado limited liability company
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Denver, CO 80209
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Hydrate IV Bar businesses provide intravenous (“IV”) hydration therapy, intramuscular subcutaneous injections and injectable vitamins administered intravenously in a restorative spa-like atmosphere for wellness, recovery and beauty (“Hydrate IV Bar Businesses”). We offer franchises for single Hydrate IV Bar Businesses and for multi-unit franchises for the right to open multiple Hydrate IV Bar Businesses.

The total investment necessary to begin operation of a franchised Hydrate IV Bar Business is between \$238,100 and \$454,000. This includes between \$51,750 and \$58,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of multi-unit franchise with the rights for up to two Hydrate IV Bar Businesses is between \$471,200 and \$903,000. This includes between \$98,500 and \$111,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of multi-unit franchise with the rights for up to ten Hydrate IV Bar Businesses is between \$2,291,000 and \$4,450,000. This includes between \$427,500 and \$490,000 that must be paid to the franchisor or its affiliate(s).

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Katie Wafer Gillberg, CEO and President, KCA Holdings LLC, 753 S. University Blvd., Denver, Colorado 80209, 303-209-0989.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract in this disclosure document to an advisor, such as a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document is available from the Federal Trade Commission (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: September 18, 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 D.
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 B 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 Hydrate IV Bar 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 Hydrate IV Bar franchisee?	Item 20 or Exhibit D 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 Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.
2. **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.
3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21, Exhibit B) calls into questions the franchisor's financial ability to provide services and support to you.

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

**NOTICE REQUIRED BY
STATE OF 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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the 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 terms 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 six 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 or 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 there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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

In this Franchise Disclosure Document, “we,” “our” or “KCA” means KCA Holdings LLC, the Franchisor. “You” means the person who is buying the franchise. If you are a corporation, partnership, limited liability company, or other entity, “you” includes your owners or members.

The Franchisor, its Parents, Predecessors and Affiliates

KCA Holdings LLC is a Colorado limited liability company formed on January 12, 2020. We do business under our corporate name and the name “Hydrate IV Bar.” We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We do not operate a business of the type being offered. Our principal place of business is 753 S. University Blvd., Denver, CO 80209.

We offer franchises (“Hydrate Franchises” or “Franchises”) for Hydrate IV Bar Businesses and have done so since June 2020. We do not have any parent entities or predecessors.

Our affiliates, listed below, each owns and operates a Hydrate IV Bar Business in Colorado (the “Affiliate Businesses”).

<u>Affiliate</u>	<u>Principal Place of Business</u>	<u>Date Began Conducting Business</u>
Hydrate IV Bar, LLC	753 S. University Blvd., Denver, CO 80209	April 9, 2016
Hydrate IV Bar Cherry Creek, LLC	2717 E. 3 rd Ave. Denver, CO. 80206	April 1, 2019
Hydrate IV Bar Highlands, LLC	3440 West 32nd Ave. Denver, CO 80211	June 17, 2017
Hydrate IV Bar Boulder, LLC	1655 Folsom St, Boulder, CO 80302	August 14, 2019

Our affiliate Hydrate IV Bar Holdings, LLC (“Hydrate IP”), a Wyoming limited liability company, owns and controls all of the intellectual property utilized by the Hydrate IV Bar Business and licenses it to us. Hydrate IP’s principal place of business is 753 S. University Blvd., Denver, CO 80209.

Our affiliate Hydrate Hospitality, LLC (“Hydrate Hospitality”), a Colorado limited liability company, provides Hydrate IV Bar services at hotels and other hospitality industry locations. Hydrate Hospitality’s principal place of business is 753 S. University Blvd, Denver, CO 80209.

Our affiliates do not otherwise provide products or services to franchisees, and have not offered franchises for Hydrate IV Bar Businesses or for franchises in any other line of business. Our affiliates have not engaged in any other line of business

Our agent for service of process in Colorado is Ruddy Gregory PLLC, 44 Cook St. Ste. 640, Denver, CO 80206. Our agent for service of process in Arizona is Business Filings Incorporated, 3800 N. Central Ave. Ste. 460, Phoenix, Arizona 85012. Our agent for service of process in Texas is Business Filings Incorporated, 701 Brazos St., Suite 720, Austin, Texas, 78701. Our agent for service of process in Florida is Business Filings Incorporated, 1200 South Pine Island Road, Plantation, FL 33324. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise



laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer Hydrate Franchises that provide IV hydration therapy, intramuscular subcutaneous injections and injectable vitamins administered intravenously in a restorative spa-like atmosphere for wellness, recovery and beauty. You will operate your Hydrate IV Bar Business from an approved retail location (a “Wellness Spa”). You may also choose to offer mobile or pop up services and products at pop-up health events (“Mobile Services”) in your territory or, subject to our written approval, outside of your territory in unassigned areas.

Hydrate IV Bar Businesses operate our proprietary system (“System”), which consists of our proprietary combinations of intravenous hydration and vitamins and minerals to promote hydration and overall health, administered by individually licensed service providers, certain specified equipment, instructional manuals, training courses, know-how, sales and merchandising methods, advertising techniques, recordkeeping, and business management methods. Hydrate IV Bar Businesses are identified by certain trademarks, domain names, service marks and other commercial symbols including, without limitation, the HYDRATE IV BAR design mark (“Marks”).

The System utilizes our standards, specifications and procedures which are fully described in our confidential Franchise Brand Standards Manual (as defined in Item 8 below). Your Hydrate IV Bar Business will offer a membership program for members (“Members”), who will pay a monthly fee to receive IV nutrient therapy. Your membership program should be consistent with the System guidelines in our Franchise Brand Standards Manual. Your Hydrate IV Bar Business will also offer packages of services, walk-ins and single appointments. The IV services at your Hydrate IV Bar Business will be administered by separately licensed registered nurses, or other licensed individuals which are permitted under our Franchise Brand Standards Manual and are in compliance with your state and local laws.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). Each Franchise Agreement will grant you the right to operate one (1) Hydrate IV Bar Business.

If you purchase the rights to open multiple Franchises, you will sign the “Multi-Franchise Addendum,” which is attached to this Franchise Disclosure Document in Exhibit G and the Hydrate IV Bar Franchise Agreement attached to this Franchise Disclosure Document as Exhibit C. There is no development territory or development schedule to open additional Hydrate IV Bar Businesses under the Multi-Franchise Addendum. Prior to opening each additional Hydrate IV Bar Business under the Multi-Franchise Addendum, you must sign the then-current Hydrate IV Bar Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

The Multi-Franchise Addendum supplements the terms of the Franchise Agreement in relation to the opening of these additional Hydrate IV Bar Franchises. Under the Multi-Franchise Addendum, you are not granted any territorial rights or any other rights for the additional Hydrate IV Bar Businesses except those granted under the Franchise Agreements.

Market and Competition

Hydrate IV Bar Businesses service the needs of the general public. The demand for our services is not seasonal, but may be affected by environmental factors, like flu season, in certain markets. The market for these services is developing and competitive. Technology and changes in legislation may directly affect



the market. Hydrate IV Bar Businesses compete with other businesses, including franchised operations, online retailers, national chains, and independently-owned companies offering similar services. You may also compete with local facilities such as spas and medical clinics. You will also face normal business risks that could have an adverse effect on your Hydrate IV Bar Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

Industry Regulations

You must comply with all local, state, and federal laws and regulations that apply to any business. Certain federal government agencies and many states have laws, rules, and regulations that may apply to the products and services you will offer through your Hydrate IV Bar Business. Some states may require you to obtain state certification or licenses. Some states may limit or prohibit the use of all or certain intravenous treatments. Some states may limit the availability of providing services to any walk-in customers.

A state may have certain laws and regulations that affect the type of professionals you can engage to perform services for your Hydrate IV Bar Business and the procedures for obtaining, ordering, and administering intravenous hydration and injectable vitamins, nutrients, and medications. For example, certain states may require that a licensed independent practitioner (e.g., Doctor of Medicine (MD), Doctor of Osteopathic Medicine (DO), Nurse Practitioner (NP), or Physician Assistant (PA)) examine a client and place an order prior to a registered nurse's administration of intravenous hydration or intravenous or injectable vitamins, nutrients, and/or medications. Other states may permit a registered nurse to select and administer intravenous hydration or intravenous or injectable vitamins, nutrients, and/or medications pursuant to a licensed independent practitioner's written protocol or standing order, subject to certain supervision requirements.

If your Hydrate IV Bar Business is not exclusively owned by physicians, and if your state requires that a MD or a DO examine the client prior to the administration of intravenous hydration or intravenous or injectable vitamins, nutrients, and/or medications, you must confirm that your Hydrate IV Bar Business is compliant with state corporate practice of medicine and physician fee-splitting laws. Certain state prohibitions on the corporate practice of medicine or fee-splitting might prohibit your franchise from employing or otherwise engaging a physician for professional services.

A state may also consider the preparation of intravenous hydration or intravenous or injectable vitamin, nutrient, and medication solutions to be pharmaceutical compounding and require that your Hydrate IV Bar Business obtain a state pharmacy compounding license or permit, or require that your Hydrate IV Bar Business purchase such preparations from a licensed compounding pharmacy. If the state requires that you purchase the preparation from a licensed compounding pharmacy, state law may also require that the licensed independent practitioner issue a patient-specific prescription for the preparation instead of ordering such preparations as "office stock."

A state may consider your franchise a "health facility" and require that your business meet certain criteria to obtain a health facility license or permit. A state may also require special licenses, permits, or registrations for mobile clinic service offerings.

A state may impose mandatory minimum amounts for professional liability coverage. Some states do not have a cap on damages in a medical malpractice or medical negligence action. This means that damages awarded in litigation could exceed the limits of your professional liability coverage, leaving your Hydrate IV Bar Business, and potentially, the individuals providing services or owning or managing your Hydrate IV Bar Business, financially liable for the difference.

The Federal Trade Commission, Food and Drug Administration, and state laws might impact the statements and testimonials your franchise can publish to market its services.

The client records your professional staff create or maintain may be governed by federal and state privacy laws, including but not limited to, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing regulations. You may be required to maintain copies of records in accordance with state record retention requirements.

State and federal health care laws are subject to change in the future and may require changes to your business model to ensure ongoing compliance of your franchise.

The laws, rules, regulations, and ordinances that may apply to the operation of your Hydrate IV Bar Business include those that: (a) require a permit, certificate, or other license; (b) establish general standards, specifications, and requirements for the construction, design, and maintenance of your business site and premises; (c) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking and exposure to tobacco smoke or other carcinogens, availability of and requirements for public accommodations, including restroom facilities and public access; (d) set standards pertaining to employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; and (f) regulate the proper use, storage, and disposal of waste or other hazardous materials. You must also obtain all necessary permits, licenses, and approvals to operate your Hydrate IV Bar Business.

In addition to laws governing the operation of a Hydrate IV Bar Business, some states may require your employees to obtain a COVID-19 (SARS-CoV-2) vaccine based on classification as a medical provider or medical facility, or to comply with other COVID-19 restrictions. Other states may specifically prohibit you from inquiring about your employees’ COVID-19 vaccination status. You are responsible for obtaining advice from a legal advisor about the specific risks COVID-19 poses to a Hydrate IV Bar Business.

You alone are responsible for understanding, investigating, and complying with all applicable laws, regulations, and requirements applicable to you and your Hydrate Franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Hydrate IV Bar Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2 BUSINESS EXPERIENCE

Founder; Chief Executive Officer; President and Manager: Katie Wafer Gillberg

Ms. Gillberg is our founder and has been our Chief Executive Officer, President and Manager in Denver, Colorado since our inception in January 2020. Ms. Gillberg also serves as Chief Executive Officer, President and Manager for each of our Affiliate Businesses in Denver Colorado and Boulder Colorado and has done so since April 2016 (Hydrate IV Bar, LLC), June 2017 (Hydrate IV Bar Highlands, LLC), April 2019 (Hydrate IV Bar Cherry Creek, LLC), August 2019 (Hydrate IV Bar Boulder, LLC) and December 2019 (Hydrate IV Bar Nurture, LLC). Ms. Gillberg also serves as Chief Executive Officer, President and Manager for our parent Hydrate IV Bar Holdings, LLC in Denver Colorado and has done so since its inception in February 2016.

Vice President; Manager: Amy Dickerson



Ms. Dickerson serves as our Vice President and Manager in Denver, Colorado and has done so since January 2020. Ms. Dickerson also serves as Vice President and Manager for our affiliate Hydrate IV Bar Cherry Creek, LLC in Denver Colorado and has done so since April 2019. Ms. Dickerson also serves as Chief Executive Officer, President and Manager of Live Love Lash Denver, LLC in Denver Colorado and has done so since February 2012.

Vice President; Manager: Chad Grote

Mr. Grote serves as our Vice President and Manager in Denver, Colorado and has done so since January 2020. Mr. Grote has also served as an account executive in Denver, Colorado at Jon-Don since March 2014 and as Vice President and Manager in Denver Colorado at Live Love Lash Denver, LLC since February 2012.

Clinical Nurse Director: Gianna Norscia

Ms. Norscia serves as our Clinical Nurse Director in Denver, Colorado and has done so since January 2020. Ms. Norscia also serves as Clinical Nurse Director for our Affiliate Businesses in Denver, Colorado and Boulder, Colorado and has done so since April 2019. Ms. Norscia previously served as a Registered Nurse for all Affiliate Businesses in Denver, Colorado since April 2017 (Hydrate IV Bar, LLC), June 2017 (Hydrate IV Bar Highlands, LLC), April 2019 (Hydrate IV Bar, LLC), August 2019 (Hydrate IV Bar Boulder, LLC) and December 2019 (Hydrate IV Bar Nurture, LLC). Prior to that, Ms. Norscia served as a Travel Emergency Room Registered Nurse for Total Med (based in Appleton, Wisconsin) and AYA Healthcare (based in San Diego, California) throughout various cities in the U.S. from April 2015 through April 2017.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Disclosure Document.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

The “Initial Franchise Fee” depends on the number of Hydrate IV Bar Businesses you wish to purchase:

Franchise Type	Number of Hydrate IV Bar Businesses	Initial Franchise Fee
Single	1	\$45,000
“ <u>Small Multi</u> ”	2 – 5	\$45,000 for the first Hydrate IV Bar Business, and \$40,000 for each additional Hydrate IV Bar Business (50% of which shall be due at signing of first Franchise Agreement)
“ <u>Large Multi</u> ”	6 – 10	\$45,000 for the first Hydrate IV Bar Business, and \$35,000 for each additional Hydrate IV Bar Business (50% of which shall be due at signing of first Franchise Agreement)

There is no development territory or development schedule to open additional Hydrate IV Bar Businesses. To open additional Hydrate IV Bar Businesses under a Small Multi franchise or Large Multi franchise, you will be required to sign the then-current Hydrate IV Bar Business franchise agreement, but you will not be required to pay an Initial Franchise Fee (all other fees will apply).

The Multi- Franchise Addendum supplements the terms of the Franchise Agreement in relation to the opening of additional Hydrate IV Bar Franchises. You are not granted any territorial rights or any other rights except those granted under the Franchise Agreements for additional Hydrate IV Bar Businesses.

The Initial Franchise Fee is payable when you sign your Franchise Agreement. The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your Hydrate IV Bar Business and also offsets some of our franchise recruitment expenses. The Initial Franchise Fee is uniform, fully earned by us once paid and is non-refundable under any circumstances.

Veteran Discount

We offer special financial incentives to qualified veterans of the U.S. Armed Forces. If you are a qualified veteran, and if you qualify for our franchise, we will reduce the Initial Franchise Fee for your first franchise by \$5,000 (currently reduced to \$40,000 for a single Hydrate IV Bar Business). The veteran discount cannot be combined with any other discount and may only be applied to the first Franchise Agreement when purchasing multiple agreements.

First Responder Discount

We also offer a discount off the Initial Franchise Fee if you have worked for at least two consecutive years as a firefighter, law enforcement officer, or paramedic, and you are either currently in good standing or you were in good standing at the time you left that position (“First Responder Discount”). If you are a qualified First Responder, and if you qualify for our franchise, we will reduce the Initial Franchise Fee for your first franchise by \$5,000. The First Responder Discount cannot be combined with any other discount and may only be applied to the first Franchise Agreement when purchasing multiple agreements.



During our last fiscal year, ended December 31, 2022, we collected Initial Franchise Fees of \$45,000 for each Franchise sold.

Hydrate IV Bar Employee Discount

We also offer a discount off the Initial Franchise Fee if you have worked for at least two consecutive years as a Hydrate IV Bar employee in any company owned or Franchisee owned Wellness Spa, and you are either currently in good standing or you were in good standing at the time you left that position (“Hydrate IV Bar Employee”). If you are a qualified Hydrate IV Bar Employee, and if you qualify for our franchise, we will reduce the Initial Franchise Fee for your first franchise by \$5,000. The Hydrate IV Bar Employee Discount cannot be combined with any other discount and may only be applied to the first Franchise Agreement when purchasing multiple agreements.

Hydrate IV Bar Franchisee Referral

We also offer a success fee to current Franchisees who refer qualified new franchisees that purchase either a single unit Hydrate IV Bar Business or a multi-unit Hydrate IV Bar Business. Upon successful sale of a Hydrate IV Bar Business to a new franchisee, referred by a current Franchisee, we will pay you \$2,500. Upon successful sale of a multi-unit (three or more Hydrate IV Bar Businesses to a new single purchaser referred by a current Franchisee) a referral fee of \$5,000.

Technology Fee

You will be required to pay us a technology set up fee of \$750 when you sign your Franchise Agreement. This fee covers the set-up fee for certain technologies such as internal communications tools and email hosting. You will owe an additional \$750 for each month of your Franchise Agreement’s term, with payments beginning once you execute a lease or purchase agreement for operation of your Hydrate IV Bar Business, which then will be due on an ongoing monthly basis for the remainder of your Franchise Agreement’s term (the “Technology Fee”). This Technology Fee covers the technology we provide to you, including payment to third-party vendors for your use of third party software.. These fees are uniform and nonrefundable. This fee may be increased in proportion to any increased technology costs we incur. You will be notified of any increase, in writing, at least 30 days prior to the implementation of the increase.

Training Fee

We provide complimentary training for up to five trainees at our Denver, Colorado location as part of our initial training program. If you elect to train more than five individuals, we will assess a training fee equal to \$500 per day, which will be assessed for four days of the initial training program. We also send up to two Hydrate IV representatives to your location opening once you have completed training.

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾	8% of Gross Revenue ⁽²⁾	Due on or before the 10 th day of each month	The “ <u>Royalty</u> ” is based on “ <u>Gross Revenue</u> ” during the previous month. Your Royalty is an ongoing payment that allows you to use the trademarks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution	Up to 2% of Gross Revenue	Same as Royalty	This contribution will be used for a system-wide “ <u>Brand Fund</u> ” for our use in promoting and building the Hydrate IV Bar brand.
Local Advertising Payment	The difference between the amount you spent on local advertising each month and your required local advertising expenditure (1% of your Gross Revenue)	Payable after receipt of invoice	If you fail to meet your required local advertising requirement on local advertising, you must pay the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund, or us. We will measure your compliance with this requirement on a rolling six-month basis, meaning that as long as your average monthly expenditure on local advertising over any six-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify.
Regional or Local Advertising Cooperatives ⁽³⁾	Established by cooperative members, up to 1% of Gross Revenue	Established by cooperative members	We currently do not have a cooperative, but reserve the right to require one to be established in the future. Item 11 contains more information about advertising cooperatives.
Initial Training Fee	\$500 per day	Prior to commencement of initial training or upon the hiring of replacement personnel	Only due for initial training if more than five people attend initial training. We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, or special assistance or training you need or request.
Location Opening Fee	Included in your Initial Franchise Fee	Prior to Opening of your Franchised Business	Due for the food, labor, travel and lodging of us sending Hydrate IV representative(es) to the opening of your Franchised Business for Four Days.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Replacement Training Fee	Our then-current fee (currently \$500 per day) for training at our facility \$750 per day per person traveling plus the cost of travel, food, and lodging for the training representative if we travel to your location to train a replacement for your Lead Nurse, Designated Owner, or Spa Manager	As incurred	We provide initial training at no charge for up to five people (See Item 11). We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer. We will only conduct on-site training for a replacement Lead Nurse, Designated Owner (if the Designated Owner will serve as your Spa Manager) or Spa Manager (as defined in Item 15). All other trainees must travel to our designated training location.
On-Site Assistance Fee	Our then-current fee (currently \$750 per person traveling per day) plus the cost of travel, food and lodging for the representative	As incurred	If you are in default, or if you request additional on-site assistance and agree to provide it, we will charge you the on-site assistance fee.
Transfer Fee	25% of the then-current Initial Franchise Fee, plus cost of training	\$1,000 nonrefundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable by either the transferee or transferor at the time ownership of the franchise is transferred.
Technology Fee	\$750 per month plus a \$750 set up fee (prior to opening)	Same as Royalty	This fee covers certain technologies used in the operation of your Hydrate IV Bar Business, including third-party technology like license fees to use Mindbody software and a Waiverking account. We reserve the right to upgrade, modify and add new technologies and software. You will be responsible for any increase in fees that result from any upgrades, modifications or additional software or from increases from third party vendors. We begin assessing the monthly Technology Fee approximately three months before you begin operations of your Franchised Business.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Audit Fee	Cost of audit, including travel expenses, plus underpayment and interest on amount of any underpayment	As requested	Payable only if audit (i) is necessitated by your failure to provide the information requested or to preserve records or file required reports; or (ii) shows an understatement of at least 2% of Gross Revenue for any month.
Renewal Fee	25% of the then-current Initial Franchise Fee, or if we are currently not offering franchise for sale, 25% of the Initial Franchise Fee listed on our most recent Franchise Disclosure Document	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Payment Service Fees	Currently 3% of total charge We may assess a fee equal to up to 4% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a payment service fee of up to 4% of the total charge.
Catastrophe Fee	8% of any insurance proceeds	As incurred	You will reimburse eight percent (8%) of any insurance proceeds due to business interruption as a result of your Hydrate IV Bar Business being closed a result of a casualty event or any other reason.
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	The greater of \$50 per occurrence or the highest rate allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	As incurred	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Fund, or us. You will continue to incur this fee until you submit the required report.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to the Brand Fund or us, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Insurance Fee	Reimbursement of our costs, plus a \$500 administration charge	On demand	If you fail to obtain insurance, we may (but we aren't obligated to) obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus a \$500 administration fee for obtaining the insurance on your behalf.
Relocation Fee	Our costs, which we anticipate being approximately \$5,000	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your Hydrate IV Bar Business. We will provide you with copies of our invoices for our expenses from any third-party providers upon request.
Convention Fee	The then-current fee (currently estimated to be \$750 per person).	On demand	Payable to us to help defray the cost of hosting any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year. This fee will not exceed \$1,500.
Liquidated Damages ⁽⁴⁾	Will vary under the circumstances, but in no case will such damages be less than \$30,000.	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause. Franchisee will pay to Franchisor a lump sum payment for liquidated damages.
Indemnification	Will vary under circumstances	As incurred	You must indemnify us, hold us harmless and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Hydrate IV Bar Business or Franchise.
Management Fee	\$500 per day, plus costs and expenses and any cost associated necessitated cost of sending a representative to your location, as disclosed herein.	As incurred	Payable if we exercise step-in rights and manage the Hydrate IV Bar Business because you are in breach of the Franchise Agreement, abandon the Hydrate IV Bar Business, we deem you incapable of operating the Hydrate IV Bar Business or following your death or disability.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your failure to obtain a legal or accounting advisor for setup or general operation of your Hydrate IV Bar Business. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Customer Issue Resolution	Varies; reasonable costs we incur for responding to a customer complaint, which will typically be between \$20 and \$100	On demand	Payable if a customer of the Hydrate IV Bar Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Hydrate IV Bar Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit G). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the issuance date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. You must begin paying us the Royalty fee equal to 8% of Gross Revenue once you begin operation of your Hydrate IV Bar Business. “Gross Revenue” means the aggregate amount of all sales of services and products, and the aggregate of all charges for services performed and products provided (including service charges in lieu of gratuity), including all membership fees, dues and charges, whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Hydrate IV Bar Business, including all Mobile Services. Gross Revenue also includes all income, revenues, consideration, or receipts of any kind derived from the operation of the Hydrate IV Bar Business, including all services and products provided as a direct or indirect consequence of use of Franchisor’s Marks or any aspect of the System, and including all proceeds from any business interruption insurance. Gross Revenue does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by you. Gross Revenue shall not be modified for uncollected accounts. For purposes of the Royalty, the sale is deemed made at the earlier of delivery of service or product, or receipt of payment. All barter or exchange transactions in which you furnish products or services in exchange for goods or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Revenue, be valued at the full retail value of the goods or services so provided to you.
3. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. See Item 11 for more information. No local or regional cooperatives have been established as of the issuance date of this Franchise Disclosure Document.
4. Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us for the 12 months prior to termination, multiplied by the lesser of: (i) 36, or (ii) the

number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Expenditure	Amount		Method of Payment (1)	When Du	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$45,000	\$45,000	Lump sum	At signing of Franchise Agreement	Us
Training Expenses ⁽²⁾	\$4,500	\$8,500	As incurred	As incurred	Us, Providers of Travel, Lodging, and Food
Utility and Security Deposits	\$2,500	\$7,500	As incurred	As incurred	Utility Company; Landlord
Lease Payments ⁽³⁾	\$7,500	\$25,000	As incurred	As incurred	Landlord
Leasehold Improvements ⁽⁴⁾	\$50,000	\$150,000	As incurred	As incurred	Third Parties
Decorating, Furniture & Furnishings and other equipment ⁽⁵⁾	\$15,000	\$30,000	As incurred	As incurred	Third Parties
Computer System ⁽⁶⁾	\$2,000	\$5,000	As incurred	As incurred	Third Parties
Technology Fees ⁽⁷⁾	\$2,250	\$4,500	As incurred	Upon signing the Franchise Agreement the set-up fee is due and the Technology Fee will be due starting when you sign the lease or purchase agreement for the location of your Hydrate IV Business	Us
Opening Inventory	\$7,500	\$10,000	As incurred	Before opening	Vendors
Office Supplies ⁽⁸⁾	\$1,000	\$2,000	As incurred	As incurred	Vendors
Sign ⁽⁹⁾	\$2,000	\$8,000	As incurred	As incurred	Third Parties
Market Introduction Program ⁽¹⁰⁾	\$20,000	\$20,000	Lump sum	At signing of Franchise Agreement	Approved Suppliers
Business Licenses and Permits ⁽¹¹⁾	\$1,000	\$5,000	As incurred	As incurred	Appropriate State/Local Authorities or Third Party



Expenditure	Amount		Method of Payment (1)	When Du	To Whom Payment is to be Paid
	Low	High			
Professional Fees ⁽¹²⁾	\$5,350	\$16,500	As incurred	As incurred	Your Attorneys, Advisors, CPA's and Other Professionals or reimbursement if we are required to obtain such professionals for you.
Architect Fees	\$5,000	\$12,000	As incurred	As incurred	Architect
Insurance Premium ⁽¹³⁾	\$7,500	\$15,000	As incurred	As incurred	Approved Insurance Company
Additional Funds (3 months) ⁽¹⁴⁾	\$60,000	\$90,000	As incurred	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹⁵⁾	\$238,100	\$454,000			
Small Multi Franchise (2 - 5 Hydrate IV Businesses)	If you purchase a Small Multi franchise for two Hydrate IV Bar Businesses under the Multi-Franchise Addendum, you will incur all of the costs listed above for each Hydrate IV Bar Business you open except that the Initial Franchise Fee will total \$85,000. If you were to open two Hydrate IV Bar Businesses, using the same estimated initial expenses above, we estimate this total cost to range between \$476,200 and \$908,000. You will incur all of the costs listed above for each additional Hydrate IV Bar Business you open except that the Initial Franchise Fee will be \$40,000 for each additional Business over and above the first Business, up to the fifth Hydrate IV Bar Business you open. These costs may increase in the future depending on when you open the additional Hydrate IV Bar Businesses. Upon signing the first Franchise Agreement, in addition to the initial Franchise Fee one-half (1/2) of the Franchise Fee for each additional unit shall be due, with the remainder due upon signing each additional Franchise Agreement.				
Large Multi Franchise (6 – 10 more Hydrate IV Businesses)	If you purchase a Large Multi franchise for ten Hydrate IV Bar Businesses under the Multi-Franchise Addendum, you will incur all of the costs listed above for each Hydrate IV Bar Business you open except that the Initial Franchise Fee will total \$360,000. If you were to open ten Hydrate IV Bar Businesses, using the same estimated initial expenses above, we estimate this total cost to range between \$2,381,000 and \$4,540,000. You will incur all of the costs listed above for each additional Hydrate IV Bar Business you open except that the Initial Franchise Fee will be \$35,000 for each additional Business over and above the first Business. These costs may increase in the future depending on when you open the additional Hydrate IV Bar Businesses. Upon signing the first Franchise Agreement, in addition to the initial Franchise Fee one-half (1/2) of the Franchise Fee for each additional unit shall be due, with the remainder due upon signing each additional Franchise Agreement.				

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Hydrate IV Bar Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and nonrefundable under any circumstances once paid.



All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. We have not included any state or local sales taxes in any of the above estimates. Some of these fees may deviate based on fluctuations in the real estate market and economy in the location where you open your Hydrate IV Bar Business. These fees may be higher if you, in your own discretion, determine that you wish to install higher end leasehold improvements than those recommended or required.

1. Initial Franchise Fee. See Item 5 for more information on the Initial Franchise Fee. If you purchase a Small Multi franchise or Large Multi franchise, the only additional initial cost that you will incur over the purchase of a single Franchise will be the higher Initial Franchise Fee (over the price of a single franchise) until you open the additional Hydrate IV Bar Businesses. The Initial Franchise Fee for a Small Multi franchise for two Hydrate IV Businesses is \$85,000. The Initial Franchise Fee for a Large Multi franchise for ten Hydrate IV Businesses is \$360,000. Once you open additional Hydrate IV Bar Businesses, you will incur the costs listed in this Item 7 (except for the Initial Franchise Fee) at the time you open the additional Hydrate IV Bar Businesses. These costs may increase in the future depending on when you open the additional Hydrate IV Bar Businesses.
2. Training Expenses. We provide training at our training center in Denver, Colorado or at another mutually agreed upon location, if we elect to do so. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees, or for our trainers if we travel to your location. Initial training is provided at no charge for up to five people (which must include your designated owner, your medical director, your Lead Nurse and any Spa Manager), provided all individuals attend the same initial training program in Denver. If additional initial training is required, you choose to train at another location, or more people must be trained, an additional fee of \$500 per day, will be assessed for four days of the training program. We will also send two Hydrate IV Bar representatives for four days for the opening of your franchise business. The cost of this is included in your initial franchise fee.
3. Lease Payments. Your actual rent payments may vary depending upon your location and your market's retail lease rates. Hydrate IV Bar Businesses will typically be between 800 and 1,000 square feet in size, and require a retail store front. Hydrate IV Bar Businesses are typically located in spa-like atmospheres, including on boutique-style streets, near hotels or on walking malls. You must lease your retail space for a minimum term of at least ten years, which is the term of the Franchise Agreement. If you purchase instead of lease the premises for your Hydrate IV Bar Business, then the purchase price, down payment, interest rates and other financing terms will determine your monthly mortgage payments. All estimates in this disclosure document assume lease payments, rather than estimating funds to purchase a Hydrate IV Bar Business location. If you decide to purchase property for your Hydrate IV Bar Business, your costs may increase significantly.
4. Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord. This estimate includes setup expenses you will incur in building out your Hydrate IV Bar Business, including all costs required to set up the equipment. Building and construction costs will vary depending upon the condition and size of the premises for your Hydrate IV Bar Business, local construction costs and the leasehold improvements you choose.
5. Decorating, Furniture, Furnishings and Other Equipment. This estimate includes the furniture, fixtures and equipment you will need to open a Hydrate IV Bar Business, such as recliner chairs, side tables, speaker systems, required security cameras, two mini fridges and other items, including any uniforms required. Some of these expenses will depend on your Hydrate IV Bar Business size, shipping distances, supplier chosen and your credit history.

6. Computer System. The estimate for the computer system includes the required four to six iPads that you will need to purchase to use as the point of sale devices, a laptop, and a printer. We require that you have security cameras installed. We require you to use QuickBooks Online for accounting purposes and that we have access to reports.
7. Technology Fees. This includes the technology set up and the payments due after signing your lease or purchase agreement for your Hydrate IV Bar Business location and prior to opening, as well as the payments due during your Business's first three months of operation.
8. Office Supplies. This amount may be needed to purchase office supplies such as paper, laminator, and writing utensils.
9. Sign. This estimate is for a single exterior and a single interior sign, and it assumes that you purchase your signage. The type and size of the signage you install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where certain signage is not permitted because of zoning or use restrictions.
10. Market Introduction Program. We will provide you with the marketing kit/package. You must pay \$20,000 at the time you sign the Franchise Agreement to have the materials printed, based on the marketing plan we provide for you. These materials will include business cards, tri-folds, menus and thank you cards
11. Business Licenses and Permits. In addition to the required permits and licenses that you will need to operate the Hydrate IV Business, we require that you hire a lead to manage the day to day medical and health related operations at your Wellness Spa. The Lead Nurse will be required to be a nurse practitioner or other licensed professional and will also be required to be licensed to practice in Colorado.
12. Professional Fees. We strongly recommend that you hire a lawyer, accountant and/or other professional to advise you on this Franchise offering and to assist you in setting up your Hydrate IV Bar Business. Rates for professionals can vary significantly based on area and experience. If you fail to obtain such professionals and our professionals are required to expend additional services as a result thereof, we reserve the right to be reimbursed for our expenditure at our professionals' customary hourly billing rate.
13. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Hydrate IV Bar Business, your rates may be significantly higher than those estimated above.
14. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three month start-up phase of your Hydrate IV Bar Business. They include salaries and benefits for employees, but do not include any allowance for an owner's draw or operating losses after the initial phase. These figures do not include standard pre-opening expenses, Royalties, or Brand Fund contributions payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. We have elected to include certain fees as line items above, including insurance premiums. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Hydrate IV Bar Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Hydrate IV Bar Business. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for

Hydrate IV Bar Franchises. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up phase; and the size of your Hydrate IV Bar Business. Additional funds for the operation of your Hydrate Franchise will be required after the first three months of operation if sales produced by the Hydrate Franchise are not sufficient to produce positive cash flow. In addition, we recommend that you have sufficient additional funds available to cover one year's living expenses. The amount will vary substantially depending upon your situation and must be determined by you.

15. Figures May Vary. This is an estimate of your initial startup expenses for one Hydrate IV Bar Business. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Hydrate IV Bar Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Hydrate Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential operations manual ("Franchise Brand Standards Manual") states our standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your Hydrate Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Franchise Brand Standards Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply and only use fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications described in the Franchise Brand Standards Manual or otherwise in writing.

We may utilize proprietary formulas, menus and dosages of vitamins and minerals for the intravenous solutions and may continue to develop and own proprietary formulas. In order to protect our trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary formulas, we or our affiliates may: (i) manufacture, supply and sell proprietary formulas to Hydrate IV Bar franchisees; and/or (ii) disclose the formula for methods and preparation of the proprietary mixtures to a limited number of suppliers, including one or more of our affiliates, who we authorize to manufacture these proprietary mixtures to our precise specifications and sell these products to Hydrate IV Bar franchisees. You must purchase the proprietary products we or our affiliates develop from time to time for proprietary formulas and purchase them only from us or a third party who we have licensed to prepare and sell the products. All non-proprietary ingredients, including containers, equipment, materials, and other supplies and materials used in your Hydrate IV Bar Business must strictly conform to our quality standards and reasonable specifications. Certain products such as uniforms bearing the trademarks must be purchased by you from certain suppliers approved by us who are authorized to manufacture these products bearing our trademarks.

We are currently a supplier of digital marketing templates (see Item 11 for more information). We are not currently an approved supplier of any additional products or services provided to franchisees. We and our affiliates reserve the right to become approved suppliers of any proprietary intravenous solution products and other services or products. None of our officers own an interest in any supplier.

You must at all times maintain an inventory of approved intravenous solution, ingredients and other products in sufficient quantities and variety to realize the full potential of your Hydrate IV Bar Business. You must use the Wellness Spa layout that we designate and provide services and products in the manner we designate.

You must use the computer hardware and software, including the point of sale system that we periodically designate to operate your Hydrate IV Bar Business. You must use QuickBooks Online for your accounting functions and allow us to access all reports. You must obtain the computer hardware, software licenses, maintenance and support services and other related services that meet our specifications from the suppliers we specify. Prior to training, you must obtain the insurance coverage required under the Franchise Agreement, as follows: (a) comprehensive general liability coverage against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Hydrate IV Bar Business or your conduct of business under the Franchise Agreement under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate; (b) business property insurance at replacement cost; (c) business interruption and rent insurance for a period adequate to re-establish normal business operations, but not less than \$1,000,000 per occurrence; (d) an umbrella liability insurance policy with minimum liability coverage of \$2,000,000; (e) employer's liability of \$1,000,000 per incident and Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which the Hydrate IV Bar Business is located; (f) professional liability insurance of \$1,000,000 per occurrence and \$3,000,000 aggregate or at least the minimum amounts required by state law; and (g) any other insurance that we may require in the future or that may be required according to the terms of the lease for the Hydrate IV Bar Business.

The insurance company must be authorized to do business in the state where your Hydrate IV Bar Business is located, and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice.

We will provide you with a list of our designated and approved suppliers in our Franchise Brand Standards Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to Hydrate Franchises to ensure timely deliveries of the products or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not



continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

We estimate that approximately 70% of purchases required to open your Hydrate IV Bar Business and 80% of purchases required to operate your Hydrate IV Bar Business will be from us or from other approved suppliers or under our specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of products and services and we have no obligation to pass them on to our franchisees or use them in any particular manner. During our last fiscal year ended, ended December 31, 2022, neither we nor our affiliates derived revenue or other material consideration as a result of franchisees' required purchases or leases.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

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 obligation in these agreements and other items of this Franchise Disclosure Document.

Obligations	Section In Agreement	Item In Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	Sections 6.2, 7	Item 11
b. Pre-opening purchase/lease	Section 7.2	Item 8
c. Site development and other pre-opening requirements	Sections 7, 12, 15.1	Items 7, 8 & 11
d. Initial and ongoing training	Section 5	Item 11
e. Opening	Section 7.4	Item 11
f. Fees	Sections 4.2, 5, 6.1, 7.5, 8.4, 11.2, 12, 13, 15, 19, 20.5, 22	Items 5 & 6
g. Compliance with standards and policies/Brand Standards Manual	Sections 6, 8, 11, 12, 16, 17	Item 11
h. Trademarks and proprietary information	Sections 3, 14, 17, 21.1, 22.3	Items 13 & 14
i. Restrictions on products/service offered	Section 12	Items 8 & 16
j. Warranty and customer service requirements	Section 12	Items 8 & 11
k. Territorial development and sales quotas	Sections 3, 7	Item 12
l. Ongoing product/service purchases	Sections 6.7, 12.3, 12.4, 12.6	Item 8
m. Maintenance, appearance and remodeling requirements	Section 12	Item 11



Obligations	Section In Agreement	Item In Franchise Disclosure Document
n. Insurance	Section 15.1	Items 6, 7 & 8
o. Advertising	Section 11	Items 7 & 11
p. Indemnification	Sections 8.4, 14.2, 15.5, 18, 25.2, Attachment "D"	None
q. Owner's participation / management / staffing	Section 8	Items 11 & 15
r. National Brand Fund	Section 11.1	Item 11
s. Records and reports	Section 15	Item 11
t. Inspections and audits	Section 16	Items 6 & 11
u. Transfer	Section 19	Item 17
v. Renewal	Section 4	Item 17
w. Post-termination obligations	Section 21	Item 17
x. Non-competition covenants	Section 14, Attachment "D"	Item 17
y. Dispute resolution	Section 22	None
z. Other- Regional, National Meetings	Sections 5.6, 5.7, 12.18	Item 11

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

Except as listed below, KCA Holdings LLC is not required to provide you with any assistance.

Pre-opening Obligations

Before you open your Hydrate IV Bar Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Provide an initial training program (See Franchise Agreement - Section 5). This training will occur in Denver, Colorado unless another location is mutually agreed upon. We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Hydrate IV Bar Business. You will be responsible for hiring, training, directing, scheduling and supervising your employees and independent contractors in the day-to-day operations of the Hydrate Business. We will send at least one (1) representative to your opening.

2. Loan you one copy of the Franchise Brand Standards Manual via electronic delivery. The Franchise Brand Standards Manual contains approximately 68 of pages in operations manual pages with



links to voluminous additional information and material, which totals several hundred pages. The table of contents for the Franchise Brand Standards Manual without external links listed is attached to this Franchise Disclosure Document as Exhibit F (See Franchise Agreement - Section 6.1).

3. Provide you with advice in identifying a suitable location for your Hydrate IV Bar Business, if you request assistance (See Franchise Agreement - Sections 6.2 and 7.1). Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Hydrate IV Bar Business. We do not guarantee the suitability or success of the accepted site. We must approve the site before you sign the lease.

4. Once you have an approved site for your Hydrate IV Bar Business, we will designate a territory.

5. We will have a corporate representative visit your approved site after construction is complete and before you open. If we determine it is necessary, the site visit will be virtual instead of in person. The visit will last no longer than one day (Franchise Agreement – Section 7.4).

6. We will provide a copy of our basic specifications for the design and layout of your Hydrate IV Bar Business. You are responsible for the costs of preparing architectural, engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction of your Hydrate IV Bar Business. You are responsible for the costs of construction and remodeling (Franchise Agreement - Section 7.3.)

7. Provide you with necessary materials and consultation in connection with the grand opening marketing for your Wellness Spa (See Franchise Agreement - Section 11.2.2).

8. Provide you with a hydrateivbar.com email address which you and your employees will be required to use for exclusively all Hydrate IV Bar Business communication (See Franchise Agreement 12.6).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Hydrate IV Bar Businesses.

Site Selection

In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, lease terms, income per capita, existence of competitors, and other physical characteristics. Before leasing or purchasing the site for your Wellness Spa, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 14 days after we receive the information and materials to evaluate the proposed site. Your site is deemed disapproved if we fail to send you a written approval within the 14 day period. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease the site for your Hydrate IV Bar Business within 60 days after signing the Franchise Agreement. We generally do not own the premises for the Wellness Spa and then lease it to you. We reserve the right to reject any location for any reason, including, but not limited to, being shared or transient in nature.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of your Hydrate IV Bar Business can vary from five to twelve months. Some factors which may affect this timing are your ability to acquire a location 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 licenses permits and certifications; the timing of the delivery of equipment, tools and inventory; and the time to convert, renovate or build out your Hydrate IV Bar Business. You are required to open your Hydrate IV Bar Business within 270 days after signing your Franchise Agreement.

Continuing Obligations

During the operation of your Hydrate IV Bar Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications and procedures for the operation of your Hydrate IV Bar Business (See Franchise Agreement - Sections 4.2, 7.3, 12.2, 12.6, 12.7, 12.8 and 17.1).
2. Upon reasonable request, provide advice regarding your Hydrate IV Bar Business' operation based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone or other methods in our discretion (See Franchise Agreement - Section 6.3).
3. Provide you with advice and guidance on advertising and marketing (See Franchise Agreement - Sections 6.4 and 11.5). Provide you with certain digital templates you may use for advertising and marketing.
4. Provide additional training to you for newly-hired personnel on the Hydrate brand and System guidelines, refresher training courses and additional training or assistance that, in our discretion, you need or request. Provide on-site assistance (in our discretion) if you are in default of your Franchise Agreement, or upon your request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement - Section 5).
5. Allow you to continue to use confidential materials, including the Franchise Brand Standards Manual and the Marks (See Franchise Agreement - Sections 6.1, 12.1, 12.2, 14.2 and 17).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new menu items, new equipment or new techniques which you will be responsible for implementing.
2. Make periodic visits to the Hydrate IV Bar Business for the purpose of assisting in all aspects of the operation and management of the Hydrate IV Bar Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Hydrate IV Bar Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (See Franchise Agreement - Section 11.1).



4. Hold periodic national or regional conferences to discuss business and operational issues affecting Hydrate IV Bar franchisees.

Advertising

Brand Fund

We have established a Brand Fund for marketing, developing and promoting the System, the Marks and Hydrate IV Bar Franchises. You must pay up to two percent (2%) of your Gross Revenue for the Brand Fund (“Brand Fund Contribution”). Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Hydrate IV Bar Business owned by us will contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing; advertising, sales promotion and promotional materials; public and consumer relations; website development and search engine optimization; the development of technology for the System; and any other purpose to promote the Hydrate IV Bar brand. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located or to spend amounts proportionally across geographical areas or territories. We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. During our most recent fiscal year, ended December 31, 2022, the Brand Fund was spent as follows: 2% on website hosting, domain and maintenance, 53% was paid to a marketing firm, 1% for software, 4% for promotion and sponsorships, and 40% was labor and payroll.

Local Advertising

In addition to the Brand Fund Contributions, you must spend an average of one percent (1%) of your Gross Revenue on local advertising (“Local Advertising Requirement”). We will measure your compliance with this requirement on a rolling six-month basis, meaning that as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the minimum



monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Brand Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other Hydrate IV Bar franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Hydrate IV Bar Business, and you will not issue coupons or discounts of any type except as approved by us.

You may be required to participate in any local or regional advertising cooperatives for Hydrate Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each Hydrate IV Bar Business that the franchisee owns that exists within the cooperative's area. Each Hydrate IV Bar Business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Franchise Brand Standards Manual, which we may periodically modify at our discretion.

You must order sales and marketing material from our designated suppliers, which may include us. We may provide digital marketing templates for you. If we do provide templates, you are responsible for producing and distributing the material in compliance with our standards. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 14 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow 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. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or if established, the Brand Fund.

Market Introduction Program

You will spend a minimum of \$20,000 on approved grand opening marketing, advertising and promotion for your Hydrate IV Bar Business during the period commencing 90 days prior to the opening of your Hydrate IV Bar Business and ending 90 days after the date on which your Hydrate IV Bar Business opens for business. If requested by us, you will provide us with an accurate accounting (in the form prescribed by us) of your expenditures for grand opening marketing, advertising and promotion within 120 days after the opening of your Hydrate IV Bar Business. All expenditures for grand opening marketing, advertising and promotion will be in addition to your other marketing, advertising and promotion obligations under the Franchise Agreement.

System Website



We have established a website for Hydrate IV Bar Businesses (“System Website”). If you wish to advertise online, you must follow our online policy which is contained in our Franchise Brand Standards Manual. Our online policy may change as technology and the Internet changes. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessible only through our System Website. You will not be permitted to operate a separate website or social media page without our prior written approval and without sharing the administrative rights with us. You must provide administrator passwords and privileges to us, and shall not change or update either the administrator or password without first notifying us in writing.

As long as we maintain a System Website, we will have the right to use the Brand Fund’s assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System standards relating to the System Website.

We are only required to reference your Hydrate IV Bar Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards.

Advisory Council

We currently do not have, but may form, an advisory council (“Council”) to advise us on advertising policies. The Council would be governed by bylaws. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council’s bylaws. The Council would serve in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion.

Computer System

You are required to purchase a computer system that consists of the following hardware and software: (a) one iPad for every other chair, with a minimum of four iPads; one Mac laptop; one Wi-Fi printer; one Poynt POS system; two wireless phones; one landline phone line, and high speed Internet; and (b) MindBody software, QuickBooks online account subscription, and a Waiverking account (“Computer System”). We estimate the cost of purchasing the Computer System will be between \$2,000 to \$5,000. You must also pay the monthly Technology Fee of \$750. The related set-up fee of \$750 will be due when you enter into the Franchise Agreement, and your Technology Fee will be due upon signing a lease or purchase agreement for the location of your Hydrate IV Bar Business. The Computer System will manage the daily workflow of the Hydrate IV Bar Business, coordinate the customer ordering experience, track inventory, product costs, labor and other information. You must record all Gross Revenue on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your Hydrate IV Bar Business. You must also maintain a high speed Internet connection at the Wellness Spa. In addition to offering and accepting Hydrate gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System (Franchise Agreement - Section 12.6). You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs or upgrades relating to the Computer System. The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will be approximately \$500, but this could vary (as discussed above). We may revise our specifications for the



Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your Hydrate IV Bar Business and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Wellness Spa or from other locations.

Training

Initial Training

You (or your designated owner, if you are an entity), your medical director, your lead nurse and any Spa Manager or representative that we require must complete the initial training to our reasonable satisfaction, as determined by the specific program instructors, before you open your Hydrate IV Bar Business. We provide initial training at no cost for up to five people; provided that all persons attend the initial training simultaneously. You must pay our then-current fee, which is currently \$500 per day if you train more than 5 people at your initial training sessions in Denver. This fee will apply for four days of the initial training program. If you require additional training sessions for a replacement employee or new owner, you will either pay the \$500 per day fee if your trainees travel to our designated corporate store, or a \$750 per day per person traveling fee plus our travel, accommodation and food expenses if we travel to your location to train either your Lead Nurse, Designated Owner or Spa Manager. Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. If we determine it is necessary, in our sole discretion, to send representative(s) to you for your opening, you will be responsible for the cost of this training at our then-current fee (currently \$750 per person who travels to you, per day) plus the cost of travel, food and lodging for the representative(s). We plan to provide the training listed in the table below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Online preparation, before in person training	16	0	Online
DAY 1 Breakfast Welcome, Meet the Staff History, Brand & Culture Lunch Services and Experience Marketing Q&A	7.5	0	Corporate store in Denver, CO or other location we designate
DAY 2 Breakfast Scope of Services Lunch Ordering Inventory	6.5	0	Corporate store in Denver, CO or other location we designate



Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Systems & SOPs (POS, CRM) Emergency Protocol Q&A			
DAY 3 Breakfast Q&A guided clinical practice + shadow shift	3.7	0	Corporate store in Denver, CO or other location we designate
DAY 4 On the job training for Spa Manager and lead nurse	0	9	Corporate store in Denver, CO or other location we designate
DAY 5 On the job training for Spa Manager and lead nurse	0	8	Corporate store in Denver, CO or other location we designate
DAY 6 On the job training for Spa Manager and lead nurse	0	8	Corporate store in Denver, CO or other location we designate
DAY 7 On the job training for Spa Manager and lead nurse	0	8	Corporate store in Denver, CO or other location we designate
DAY 8 Classroom follow-up	3		Corporate store in Denver, CO or other location we designate
TOTAL	24	33	

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Franchise Brand Standards Manual and the employee handbook as the primary instruction materials during the initial training program.
2. Katie Wafer Gillberg, our founder, Chief Executive Officer, President and Manager, currently oversees our training program to which she brings more than 12 years of medical industry experience and 7 years with our Affiliate Businesses. Amy Dickerson will also provide support in the training program, and she has over 10 years of experience in the spa and wellness industry. Gianna Norscia, our Clinical Nurse Director will also provide support in the training program and has 10 years' experience in nursing and training.
3. Other instructors will include experienced Hydrate IV Bar Business store managers and/or assistant managers with at least two five years' experience with the Hydrate IV Bar Business.

Ongoing Training

From time to time, we may require that you or your principal operator, Spa Managers and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new principal operator or transfer ownership, or if you hire a new Spa Manager or medical director, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Hydrate IV Bar Business. If we conduct an inspection of your Hydrate IV Bar Business and determine you are not operating



in compliance with the Franchise Agreement, we may require that you or your principal operator, medical director, Spa Manager and other employees attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Hydrate IV Bar Business). You must pay us our then-current fee (currently, \$500 per trainer per day for additional training), and you must pay for airfare, meals, transportation costs, lodging and incidental expenses for all of your training program attendees. If we determine that you are not operating your Hydrate IV Bar Business in compliance with the Franchise Agreement or the Franchise Brand Standards Manual, we may require that you or your designated owner, medical director, lead nurse, any Spa Manager and other employees attend remedial training. You may be required to reimburse us for the expenses we or our representatives incur in providing the training.

ITEM 12 TERRITORY

You may operate your Hydrate IV Bar Business only at the approved location. The approved location for your Hydrate IV Bar Business will be listed in the Franchise Agreement. If you have not identified an approved location for your Hydrate IV Bar Business when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your approved location. You may not conduct your Hydrate IV Bar Business from any other location. You may not relocate your Hydrate IV Bar Business without our prior written approval. We may approve a request to relocate your Hydrate IV Bar Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of your Hydrate IV Bar Business, and our then-current site selection policies and procedures.

Territory

You will receive a protected territory consisting of the geographic area identified in Attachment B to the Franchise Agreement (“Territory”). Except as described below, we will not sell another franchise, or permit another franchisee to establish, an Hydrate IV Bar Wellness Spa that is physically located within your protected Territory during the term of the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other similar or competitive brands, or from franchisor-owned outlets (including franchisor-owned non-traditional locations), or from other channels of distribution that we control.

Your Territory will have a radius of approximately three (3) miles, but larger or smaller territories may be agreed upon based on population numbers derived from the current U.S. Census report and supplemented with other information available, such as data from zip-codes.com, which is an estimate derived from known delivery information, household occupancy rates, and other population statistical sources of our choosing to determine populations. We reserve the right to designate protected territories based on any data available to us. We may not grant you this territorial protection if your Wellness Spa will be located in a non-traditional location. A “non-traditional location” shall mean a location other than a standard brick and mortar retail location, and shall include (but not be limited to) an airport, train station or other travel station, hotels and motels, convention center, sports arena or stadium, theater, colleges, universities or other schools, amusement parks and all properties controlled by the amusement park, ships, ports, piers, casinos, theatres, big box retailers, military and other governmental facilities, office facilities, shopping malls, grocery stores, outlet malls, supermarkets and convenience stores, and other premises of another business or similar venue. If you renew your Franchise or relocate your Franchise (which is subject to our approval), your Territory may be modified depending on the then-current demographics of the Territory, and on our then-current standards for territories and other data we may take into consideration.

If you elect to offer the Mobile Services, you must provide the Mobile Services in compliance with our standards and subject to all federal, state and local law and regulations and these services must be provide by your own employed service providers and not through third-party contractors, or mobile services or systems. You may only provide Mobile Services in your Territory unless you have obtained our written permission to provide the Mobile Services outside of the Territory.

You may advertise, market or solicit customers for your Hydrate IV Bar Business outside your Territory, but all sales must be made in your Territory unless we have provided our written approval for you to offer Mobile Services through an event in an unassigned area. Unless otherwise agreed by us, we require that you submit a request for each event at which you will offer Mobile Services outside of the Territory. There are no restrictions on our right to grant another franchisee a territory or the right to offer Mobile Services in a previously unassigned area where you have provided Mobile Services. You will not need to pay any compensation for marketing outside your Territory. A breach of this provision is material and could result in the termination of your Franchise Agreement.

We and our affiliates have the right to operate, and to license others to operate, Hydrate IV Bar Businesses or provide Mobile Services at any location outside the Territory, even if doing so will or might affect your operation of your Hydrate IV Bar Business. We retain all territory rights not expressly granted to you. These include the right to:

1. to own, franchise or operate Hydrate IV Bar Businesses at any location outside of the Territory, regardless of the proximity to your Hydrate IV Bar Business;
2. to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;
3. to offer and sell IV infusions and related products and services, including proprietary vitamin and mineral mixtures and products, under the Marks or any other marks, through non-traditional locations within or outside of the Territory, including those owned by us or our affiliates;
4. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering IV infusions and related products and services at any location, including within the Territory, which may be similar to or different from the Hydrate IV Bar Business operated by you;
5. to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your Hydrate IV Bar Business, whether located inside or outside the Territory, provided that any businesses located inside your Territory will not operate under the Marks;
6. to use and license the use of technology to non-franchisee locations inside and outside the Territory; and
7. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.



We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.

If you wish to purchase an additional Hydrate Franchise, you must apply to us, and we may, at our discretion, offer an additional Hydrate Franchise to you. We consider a variety of factors when determining whether to grant additional Hydrate Franchises. Among the factors we consider, in addition to the then-current requirements for new Hydrate IV Bar franchisees, are whether or not the franchisee is in compliance with the requirements under its current Franchise Agreement.

You do not receive the right to acquire additional Hydrate Franchises within the Territory. You are not given a right of first refusal on the sale of existing Hydrate Franchises.

If you wish to purchase an additional Hydrate IV Bar Franchise, you must apply to us, and we may, at our discretion, offer an additional Hydrate IV Bar Franchise to you. You are not granted any territorial rights or territorial exclusivity under the Multi-Franchise Addendum. We consider a variety of factors when determining whether to grant additional Hydrate IV Bar Franchises. Among the factors we consider, in addition to the then-current requirements for new Hydrate IV Bar franchisees, are whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement.

ITEM 13 TRADEMARKS

We grant you the right to operate your Hydrate IV Bar Business using the Marks. You may also use other current or future trademarks developed by us or our affiliates to operate your Hydrate IV Bar Business.

The Marks and the System are owned by our affiliate, Hydrate IP, and are licensed to us. Hydrate IP has granted us a license (“Trademark License”) to use the Marks to franchise the System. The initial term of the Trademark License is perpetual and began on May 1, 2020. The Trademark License will continue in effect provided we are not in default or do not materially breach the Trademark License. If the Trademark License is terminated, Hydrate IP has agreed to license the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated.

Hydrate IP has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Registered Mark	Registration Number	Registration Date	Register
HYDRATE IV BAR	5,682,423	February 19, 2019	Registered on the Principal Register
	5,720,648	April 9, 2019	Registered on the Principal Register
DON'T WAIT, HYDRATE!	5,936,758	December 17, 2019	Registered on the Principal Register



Registered Mark	Registration Number	Registration Date	Register
THE KATIE COCKTAIL	6,123,905	August 11, 2020	Registered on the Principal Register
WELLNESS FROM WITHIN (PENDING)	Pending Serial No: 97549312	Application Date: August	Pending Registration on the Principal Register

All required affidavits and renewals have been filed for the registered marks. The mark HYDRATE IV BAR above, is our principal trademark and is registered on the Principal Register of the USPTO.

Except for the Trademark License with our affiliate described above, there are no agreements currently in effect which significantly limit our rights to use or license the use of any Mark.

You must follow our standards and procedures when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in any of the following ways: (1) in your corporate or legal business name; (2) with modifying words, terms, designs, or symbols (except for those we license to you); (3) in selling any unauthorized services or products; or (4) as part of any domain name, home page, electronic address or otherwise in connection with a website. In the event we establish new Marks, as we determine in our sole discretion, you must display these marks in connection with our specifications and must assume all costs associated with changes to Marks or for the introduction of new Marks. You may not use any other mark, name, commercial symbol or logo in connection with the operation of your Hydrate IV Bar Business.

There are presently no currently effective adverse material determinations by the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition, or cancellation proceedings or any pending material litigation involving the principal Marks. We do not know of either superior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding the infringement, challenge or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or USPTO or other proceeding.

As long as you are in compliance with your Franchise Agreement, we will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of (no later than three business days after you learn of such dispute or claim), and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice, but in any event, within 30 days. You are responsible for your related expenses, which may include changing the signage of your Hydrate IV Bar Business. We will not reimburse you for any expenses or loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.



You may not register any of the Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names including, but not limited to, generic and country code top level domain names available at the present time or in the future. We retain the sole right to advertise the System and to sell products or services on the Internet and to create, operate, maintain and modify, or discontinue the use of a website using the Marks. You shall not in any way without our prior written approval: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (3) create or register any Internet domain name in connection with your franchise.

All domain names are our property and are provided by us as part of the franchise support. All website content managed by you in your Territory must adhere, comply and be approved by us.

You must not contest, directly or indirectly, our ownership of the Marks, trade secrets, methods and procedures which are a part of the System. You must not register, seek to register or contest our sole right to register, use and license others to use the Marks, names, information and symbols.

Any goodwill associated with the Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit and the benefit of our affiliates.

There may be infringing uses in various markets by a third party who may be utilizing the same or similar marks to one or more of our Marks in conjunction with a similar business which would not be under a federal registration, but by application of common law trademark rights. If the use in local markets was determined to be before our use, then you and we may be prohibited from utilizing the Marks, names, logos or symbols within the market of the prior use. In such case you must use the alternative marks we may establish to operate the Hydrate IV Bar Business.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not now own any rights to any patent which is material to the franchise. We claim copyright protection for the Franchise Brand Standards Manual and for certain other written materials developed by us to assist you in the operation of your Hydrate IV Bar Business. We also claim copyright protection for the Hydrate IV Bar Business' training manuals which we provide to you and which you must treat as confidential information. You are prohibited from copying or otherwise reproducing or making it available to any unauthorized person. Any software provided must be returned to us if the Franchise Agreement is terminated or expires. We have not registered these copyrights with the United States Register of Copyrights but need not do so at this time to protect them.

There currently are no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use, or allow others to use, the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

You must not directly or indirectly contest our right to our claimed copyrights that are a part of the Hydrate IV Bar Business. You must notify us immediately if you learn about an infringement, challenge to or unfair competition by others involving our claimed copyrights. We will take the action we think is appropriate. We have no obligation to defend you or to prosecute any legal action against others with respect to any infringement, unfair competition or other claim related to any claimed copyrights.

We need not protect or defend copyrights, although we intend to do so if it is in the best interest of the System. We may control any action we choose to bring, even if you voluntarily bring the matter to our



attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

KCA possesses certain proprietary or confidential information relating to the operation of Hydrate IV Bar Businesses, including training manuals, procedures, processes, methods, marketing techniques, customer service, networking and other information which is valuable and considered by KCA as confidential information (“Confidential Information”) some of which may constitute a trade secret. We disclose to you Confidential Information through our training program, the confidential Franchise Brand Standards Manual, guidance to you during the term of the Franchise Agreement and otherwise, solely for your use in the development and operation of your Hydrate IV Bar Business during the term of the franchise.

You will not acquire any interest in the Confidential Information other than the right to utilize it in your Hydrate IV Bar Business, and must not use the Confidential Information in any other business or capacity. You must maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement, and must not make any unauthorized copies of any portions of the Confidential Information. You must adopt and implement all reasonable procedures prescribed by us to prevent unauthorized use, duplication, or disclosure of the Confidential Information, and to require any of your employees who have access to such Confidential Information to sign nondisclosure and non-competition agreements, to the extent permitted by law.

All ideas, concepts, techniques and materials concerning a Hydrate IV Bar Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and part of our system, and a “work made for hire” for us. To the extent any item does not qualify as a “work made for hire” for us, you must assign ownership of that item and all related rights to that item to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you either directly operate your Hydrate IV Bar Business or designate a manager (“Spa Manager”). We may require you to have any Spa Manager be approved by us. We recommend that you form an entity to be the franchisee. If you do form an entity (and you are not an individual), you must designate a “Designated Owner” acceptable to us who will be principally responsible for communicating with us about the Hydrate IV Bar Business and you may not operate any other business from your entity or at your chosen Hydrate IV Bar Business location without our prior written approval. The Designated Owner must have the authority and responsibility for the day-to-day operations of your Hydrate IV Bar Business. Your Spa Manager does not need to hold any equity interest in your franchise entity.

We require that you hire a medical director (“Medical Director”) to have oversight and responsibility for all medical and health related operations at your Premises. The Medical Director will be required to be an MD, DO, nurse practitioner, or other licensed professional, depending on your local and state laws (and all federal requirements). Your Medical Director may also be the same individual as your Designated Owner and/or Spa Manager. We may also require that your Designated Owner or your Spa Manager also be the Medical Director. The service providers you employ or engage may be required to be registered nurses or other licensed professionals, depending on your local and state laws (and all federal requirements).

We require that you hire a lead nurse (“Lead Nurse”) to manage the day to day medical and health related operations at your Wellness Spa. The Lead Nurse will be required to be a nurse practitioner or other licensed professional, depending on your local and state laws (and federal requirements), and prior to attending training, will also be required to be licensed to practice in Colorado in addition to in the state in which your Wellness Spa is located.

You or your Designated Owner and your Spa Manager, if any, Medical Director and Lead Nurse must successfully complete our training program (See Item 11). We may require that any Spa Manager, Medical Director or Lead Nurse have an ownership interest in the legal entity of the Franchise owner. If you replace your Designated Owner, any Spa Manager, Medical Director, or Lead Nurse, the new individual in that role must satisfactorily complete our training program at your own expense.

Any Spa Manager, Medical Director, Lead Nurse and, if you are an entity, an officer that does not own equity in the franchisee entity must sign the “System Protection Agreement,” the form of which is attached to this Franchise Disclosure Document in Exhibit G. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G. If you are an entity, each direct and indirect owner (i.e., each person holding a direct and indirect ownership interest in you) must sign an owners agreement, the form of which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of the Franchise owners sign the owners agreement.

ITEM 16 ON WHAT THE FRANCHISEE MAY SELL

You must offer and provide only the approved services and products which are specifically approved by us as being suitable for operation by a Hydrate IV Bar Business. Currently, the approved services include administering injections of saline that contain various vitamins and minerals to promote hydration and overall health and related services, as authorized by us throughout the term of the Franchise Agreement. We may add additional services that may be required to provide to the customers of the Hydrate IV Bar Business, upon written notice from us to you. There are no limitations on our rights to make changes to the required services and products offered by you. You may not offer or provide any services or sell any products that we have not authorized and approved in writing. Our standards and specifications for the operation of the Hydrate IV Bar Business may require you to comply with procedures and to regulate authorized services to be provided from the Hydrate IV Bar Business.

The System utilizes a membership program in which a Member of any Hydrate IV Bar Business can enjoy privileges at all Hydrate IV Bar Business locations and reciprocal benefits at each Hydrate IV Bar Business. You must provide all Members of other Hydrate IV Bar Business with access and reciprocal benefits at your Hydrate IV Bar Business in accordance with the Brand Standards Manual.

You must at all times maintain a reasonable inventory of equipment, materials, products, forms, and other items we specify including but not limited to supplies and intravenous equipment. You must maintain and train appropriate employees in sufficient quantity to realize the full potential of your Hydrate IV Bar Business. Our standards and specifications and recommendations to you may regulate or make recommendations related to the services, inventory control and other suggestions and recommendations in the operation of the Hydrate IV Bar Business.

We have the right to require you to make improvements and other changes to the premises of the Hydrate IV Bar Business, and to the equipment, interior and exterior décor, furnishings, intravenous equipment, other equipment and supplies and the products and materials used by you in the operation of



the Hydrate IV Bar Business in compliance with our then-current standards and specifications. Within a reasonable time from our written request, you must make specific improvements or modifications to the premises of your Hydrate IV Bar Business or in the operation of your Hydrate IV Bar Business.

We may suggest and recommend retail pricing for the services and products offered by you in your Hydrate IV Bar Business. We also reserve the right, to the fullest extent permissible by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you charge for products and services, and you shall comply with all of our pricing requirements, whether set forth in the Franchise Brand Standards Manual or otherwise. If you determine to sell any product or service at a price recommend by us, you acknowledge that we have made no representation or guarantee that the recommended price will enhance sales or profitability.

We do impose restrictions or conditions that limit your access to customers which generally restrict your ability to market or provide services to customers located outside your Territory.

You are not permitted to sell services or products at wholesale from the Hydrate IV Bar Business or from any other location. However, if any memberships or gift cards are used at a location outside of the originating Wellness Spa, the Hydrate IV Bar Business will be reimbursed as described in the Brand Standards Manual.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 4	Term of Franchise Agreement is 10 years.
b.	Renewal or extension	Section 4.2	If you are in good standing and you meet other requirements, you may be granted the right to renew the franchise for one successor term of ten years.
c.	Requirement for franchisee to renew or extend	Section 4.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. The grant of a right to renew the franchise is discretionary, as determined by Franchisor, in its sole discretion and will not be unreasonably withheld. You must give us timely notice and must comply with conditions of renewal and sign our then-current franchise agreement, a release (if law allows) and other documents we use to grant franchises. You must be in compliance with all covenants and requirements of the Franchise Agreement and with our standards. We may require you to cure deficiencies in the operation of your Hydrate IV Bar Business as a condition of renewal or we may



	Provision	Section in Franchise Agreement	Summary
			determine a deficiency is not curable and you would not be granted a right of renewal. If we grant you the right to renew the franchise at the expiration of the initial term or at the expiration of any renewal term, you will be asked to sign a new franchise agreement, which is the then-current franchise agreement used by us, that may contain terms and conditions materially different from those in your previous Franchise Agreement, such as, but without limitation, (1) differences in the territory rights granted to you which may be a reduction of your Territory, (2) increases in Royalty and in other fees and (3) implementing new fees. You must have the right under your lease to maintain possession of the premises of your Wellness Spa. You must pay us all amounts currently due, comply with all then-current training and qualification requirements, and remodel or upgrade the premises of the Hydrate IV Bar Business.
d.	Termination by franchisee	Section 20.1	You may terminate the Franchise Agreement if we materially breach the Franchise Agreement and fail to cure 15 days following receipt of written notice, subject to applicable state law.
e.	Termination by franchisor without cause	None	None
f.	Termination by franchisor with cause	Section 20.2	We may terminate the Franchise Agreement only if you are in default in performance under the terms of Franchise Agreement.
g.	“Cause” defined – curable defaults	Section 20.3	Curable defaults include: franchisee violates Franchise Agreement or any obligation in the Franchise Brand Standards Manual other than the noncurable defaults.
h.	“Cause” defined – noncurable defaults	Section 20.2	Noncurable defaults include: if you fail to complete initial training requirements, obtain approval for site within time required, timely execute a lease or open your Hydrate IV Bar Business; if you become insolvent, make a general assignment for the benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have a receiver appointed, have proceedings with creditors instituted, a final judgment remains unsatisfied or of record for 30 days, are dissolved or execution is levied against your business or property, a suit to foreclose a lien or mortgage is initiated and not dismissed within 30 days, the

	Provision	Section in Franchise Agreement	Summary
			real or personal property of the Hydrate IV Bar Business is sold after levy by a law enforcement officer, or you violate a material provision: (i) in another agreement with us or our affiliate or (ii) with a landlord related to your Wellness Spa that is noncurable or is curable and you fail to cure it during the cure period; if you fail three or more times during the term of the Franchise Agreement to comply with a material provision of the Franchise Agreement; if your lease for your Hydrate IV Bar Business is terminated due to your default, if you or one of your principals or managers has ever been or is convicted of, or has ever entered or enters a plea of <u>nolo contendere</u> to, a felony, a crime involving moral turpitude, or any other crime or offense we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill, or our interests; if any threat or danger to public health or safety is not immediately cured or removed; if you abandon or fail to actively operate your Hydrate IV Bar Business for three consecutive business days; if you provide services outside your Territory without our prior written consent; if you make a material misrepresentation or omission in the application for the franchise; if you make an unauthorized assignment or transfer of the Franchise Agreement, your Hydrate IV Bar Business or an ownership interest in the Franchisee; if you make any unauthorized use of Intellectual Property or breach any brand protection covenants or Owners Agreement; if your medical director resigns or is terminated and is not replaced with another medical director approved by us within the earlier of 30 days or the time frame required by local or state laws; if you fail to pay any amount owed to us or an affiliate within 10 days after receipt of demand for payment; if you underreport any amount owed by at least 2% on two or more occasions; if we terminate any other agreement between you and us or any affiliate because of your default.
i.	Franchisee’s obligations on termination/ nonrenewable	Section 21	Obligations include: requirement to remove identification and cease use of Intellectual Property, payments of amounts due, payment of liquidated damages and other damages and return of Franchise Brand Standards Manual and Confidential Information, and comply with the non-solicitation and non-competition covenants
j.	Assignment of contract by franchisor	Section 19.1	No restrictions on our right to assign.

	Provision	Section in Franchise Agreement	Summary
k.	“Transfer” by franchisee – definition	Section 19, Attachment “A”	Includes transfer of contract or assets or ownership change.
l.	Franchisor approval of transfer by franchisee	Section 19.2	We have the right to approve all transfers.
m.	Conditions for franchisor approval of transfer	Section 19.2	Conditions include: new franchisee qualifies, pay all amounts due, must not be in default of the Franchise Agreement or any other agreement with us, transfer fee and costs, including broker fees paid, transferee training successfully completed, landlord consents to assignment of lease, licenses and permits obtained by transferee, all relevant state and federal obligations met by new owners, release signed by you and current franchise agreement and ancillary documents signed by new franchisee and new owners, upgrade franchise to current standards, material terms of transfer approved, franchisor waives right of first refusal, subordinate rights. No transfer fee for transfer to immediate family member upon franchisee’s death.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Section 19.5	We can match any offer for your Hydrate IV Bar Business.
o.	Franchisor’s option to purchase your business	Section 21.2	We have the right, upon termination or expiration of the Franchise Agreement and upon written notice to you, to purchase certain assets of your business.
p.	Death or disability of franchisee	Section 19.4	Franchise must be assigned by estate to another owner or approved buyer within 180 days.
q.	Non-competition covenants during the term of the franchise	Sections 14.3 and 14.8, Attachment “D”	No involvement in competitive business anywhere in U.S. (other than owning 5% or less interest in a publicly traded company); no diverting or attempting to divert any business from us or our affiliates or franchisees; no inducing any customer of us or our affiliates or franchisees to transfer their business to you, subject to applicable state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 14.4, Attachments “A” and “D”	No competing business for two years within 25 miles of your location or within 25 miles of another Hydrate IV Bar Business. Franchisee and Owners may not solicit any customer of the Franchise or any Hydrate Franchise or affiliate store for two years. All subject to applicable state law.

	Provision	Section in Franchise Agreement	Summary
s.	Modification of the agreement	Section 12.2, 25.9	No modifications generally, except in writing. Franchise Brand Standards Manual may be modified by us.
t.	Integration/merger clause	Section 25.9	Only the terms of the Franchise Agreement, the Franchise Brand Standards Manual, and related agreements executed at the same time as the Franchise Agreement, are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations franchisor made in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 22	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Denver, CO), subject to applicable state law.
v.	Choice of forum	Section 22.4	All disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Denver, CO) and must be litigated, if applicable, in the state or federal court in which our principal place of business is located (currently Denver, CO) subject to applicable state law.
w.	Choice of law	Section 25.1	Colorado law, subject to applicable state law.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

As of December 31, 2022, there were four affiliate-owned Hydrate IV Bar Businesses open and operating (“Affiliate-Owned Locations”) for at least one year, and two franchised Hydrate IV Bar Businesses opened for at least one year. . This Item 19 presents financial information from the four Affiliate-Owned Locations that were open for more than one year as of December 31, 2022 (“Reporting Affiliate-Owned Locations”). Affiliate-Owned Location #1 opened in 2016, and Affiliate-Owned Location #2 opened in 2017. Affiliate-Owned Locations #3 and #4 both opened in 2019.



As of December 31, 2022, there were two franchised Hydrate IV Bar Businesses opened and operating (“Franchised Outlets”) for more than one year. Franchised Outlet #1 opened in 2020 and Franchised Outlet #2 opened in 2021. This Item 19 presents financial information from the both Franchised Outlets..

The Reporting Affiliate-Owned Locations have reasonably similar operations to franchised Hydrate IV Bar Business, including degree of competition, services or goods sold, and services supplied by us. We do not reasonably anticipate any significant differences in costs and expenses incurred by our franchisees as compared to those incurred by our Reporting Affiliate-Owned Locations. These Affiliate-Owned Locations do not pay the Royalty or technology fees to KCA, but do pay the same technology costs, and the Affiliate-Owned Locations are not subject to the Local Advertising Requirement. However, the Affiliate-Owned Locations do contribute to the Brand Fund Contribution.

Affiliate-Owned Summary				
Total Revenue, Cost of Goods Sold, Gross Profit, Facilities Expense, Payroll Expense, Other Operating Expenses, EBITDA, EBITDA Profit Margin and Membership Percent of Total Revenue				
2022 Measurement Period				
	Average	High	Low	Median
Total Revenue ⁽²⁾	\$ 841,081	\$1,143,312	\$525,548	\$ 847,731
Cost of Goods Sold	\$135,707	\$175,698	\$95,082	\$136,024
Gross Profit ⁽⁴⁾	\$705,374	\$971,275	\$430,465	\$ 711,708
Facilities Expense	\$92,553	\$103,608	\$73,109	\$96,747
Payroll Expense	\$279,334	\$306,849	\$215,513	\$297,489
Other Operating Expenses	\$129,691	\$131,695	\$110,696	\$122,555
EBITDA (5)	\$203,795	\$400,175	\$31,148	\$191,913
EBITDA Profit Margin	21%	35%	6%	22%
Membership Percentage of Total Revenue (10)	35%	43%	29%	34%

Franchised Outlet Summary				
Total Revenue, Cost of Goods Sold, Gross Profit, Facilities Expense, Payroll Expense, Other Operating Expenses, EBITDA, EBITDA Profit Percentage and Membership Percentage of Total Revenue				
2022 Measurement Period				
	Average	High	Low	Median
Total Revenue ⁽²⁾	\$1,002,361	\$1,569,021	\$435,702	\$1,002.361
Cost of Goods Sold	\$140,041	\$205,687	\$74,414	\$140,041
Gross Profit ⁽⁴⁾	\$862,311	\$1,363,334	\$361,288	\$862,311
Facilities Expense	\$43,953	\$62,121	\$25,785	\$43,953
Payroll Expense	\$345,649	\$456,333	\$234,965	\$345,649
Other Operating Expenses	\$113,229	\$164,936	\$61,521	\$113,229



EBITDA	\$359,481	\$679,944	\$39,017	\$359,481
EBITDA Profit Margin	26%	43%	9%	26%
Membership Percentage of Total Revenue (10)	40%	43%	37%	40%

1. Operating History. Affiliate-Owned Location #1 opened for business in April , 2016. Our Affiliate-Owned #2 opened for business in June 1, 2017. Affiliate-Owned Location #3 opened on April 2019. Affiliate-Owned Location #4 opened for business in August 2019. Franchised Outlet #1 opened for business in September 2020. Franchised Location #2 opened in March 2021. For each Reporting Location, the Hydrate IV Bar Business was open for the entirety of each respective Reporting Period described in its table
2. Total Revenue. “Total Revenue” equals the revenue from the sales of services and retail products (including any Mobile Services). The revenue from the sale of services includes the sale of IV therapies and vitamin injections. The revenue from the sale of retail products includes beauty and wellness products and Hydrate IV Bar logo merchandise.
3. Cost of Goods Sold. “Cost of Goods Sold” includes the cost of medical supplies and other related items and supplies, and direct labor (the cost of labor to administer the IV, including nurse’s wages and the medical director’s fee). There are no significant differences in the Cost of Goods Sold by our Reporting Affiliate-Owned Locations and the costs incurred by a Franchised Outlet in procuring these same supplies and services. Costs of Goods vary greatly in different locations based on economic factors, volume and capacity. If an employee was not employed at a location full-time, such employee’s salary or wages has been allocated to each location based on time working at or for such location in all calculations herein.
4. Gross Profit. “Gross Profit” refers to the Total Revenue of each Reporting Affiliate-Owned Location and Franchised Outlet less the Cost of Goods sold. But does not include administrative staff and non-medical managerial payroll, which are disclosed in payroll expenses herein, nor does it include the Royalty Fee or Technology Fee paid by Franchised Outlets or the Brand Fund paid by all Hydrate IV Bar businesses.
5. EBITDA. “EBITDA” refers to earnings before interest, taxes, depreciation and amortization. This is calculated the same for our reporting Affiliate-Owned locations and Franchised Outlets. It does not take into account payments for franchise related costs, so does not include Royalty, Brand Fund, or Technology Payments. This is a metric to evaluate the overall financial performance as evidenced by the EBITDA Profit Margin.
6. Average. “Average” means the sum of all data points in a category from the Reporting Locations, divided by the number of Reporting Locations.
7. High. “High” refers to the data of the highest performing Reporting Affiliate-Owned Location with respect to the relevant data sets. The High data for Total Revenue and Gross Profit were reported by the same Affiliate-Owned Location. This Affiliated-Owned Location has been open since 2016. Only two Franchised Outlets are reporting, so the “High” reflects one location and the “Low” reflects the other.

8. Low. “Low” refers to the data of the lowest data point of a Reporting Affiliate-Owned Location with respect to the data sets. Only two Franchised Outlets are reporting, so the “High” reflects one location and the “Low” reflects the other.
9. Median. “Median” means the data point that is in the center of all data points reported by the Reporting Affiliate-Owned Locations for the data points. As there is an even number of Reporting Affiliate-Owned Locations, the Median is an average of the two center points for each data set. Only two Franchised Outlets are reporting, so the “Mean” reflects the Average of the two.
10. Membership Percentage of Total Revenue. Each location offers a Membership Program, as defined in Section 16 of this Disclosure Document and in the Brand Standards Manual, wherein a member may derive benefits from any Hydrate IV Business Location. The Percentage of Membership Income contributing to the Total Revenue of Locations is reported herein using the same data points and calculations for all other items.
11. Sources of Data. For all Affiliate-Owned Locations data was obtained from our accounting team. The information in this Item 19 was not audited. For the reporting Franchised Outlet, the franchised Hydrate IV Bar Business provided us the data presented. The information provided by Franchised Outlets was not audited.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you’ll earn as much.

We have provided this information to help you make a more informed decision. You should not use this information as an indication of how your specific Hydrate IV Bar Business may perform. The success of your Hydrate IV Bar Business will depend largely on your individual abilities and your market. You should conduct your own independent research and due diligence to assist you in preparing your own projections.

Written substantiation of all data illustrated above will be made available to you upon reasonable request.

Other than the preceding financial information, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Katie Wafer Gillberg, KCA Holdings LLC, 753 S. University Blvd., Denver, CO 80209, Phone: 303-209-0989, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2020-2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	1	+1
	2021	1	2	+1
	2022	2	5	3
Company Owned*	2020	4	5	+1
	2021	5	4	-1
	2022	4	4	0
Total Outlets	2020	2	4	+2
	2021	4	6	+2
	2022	6	9	+3

*These are owned by affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020-2022

State	Year	Number of Transfers
Colorado	2020	0
	2021	0
	2022	0
Totals	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020-2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Colorado	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Total	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	4	0	0	0	0	6

Table No. 4
Status of Company-Owned Outlets
For Years 2020-2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado							
	2020	4	1	0	0	0	5
	2021	5	1	0	2	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	2022	4	0	0	0	0	4
Total Outlets*							
	2020	4	1	0	0	0	5
	2021	5	3	0	2	0	6
	2022	6	3	0	0	0	9

*These are owned by affiliates and franchises

Table No. 5
Projected Openings as of
December 31, 2022 for 2023*

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
Colorado	2	2	0
Total	3	3	0

* All projected openings known at publication are included herein. As of December 1, 2022, one franchise agreement was signed in Colorado, and another was projected in Colorado and one projected franchise in Texas. Since that time, the additional two franchise agreements have been signed in Colorado and one additional franchise agreement has been signed in Texas.

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one year period ending December 31, 2022, or who has not communicated with us within ten weeks of the issuance date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with KCA. During the last three years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Hydrate Franchise system. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. If you buy a Franchise, your contact information will be disclosed in the next year's Franchise Disclosure Document and may be disclosed to other buyers when you leave the Franchise System.

As of the issuance date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21 FINANCIAL STATEMENTS

Exhibit B contains the financial statement required to be included with this Franchise Disclosure Document: Audited Financial Statements as of December 31, 2020, 2021, and 2022.



**ITEM 22
CONTRACTS**

The following contracts are attached as Exhibits:

Exhibit C	Franchise Agreement
Exhibit E	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Hydrate Franchise
Exhibit H	Franchise Disclosure Questionnaire

**ITEM 23
RECEIPTS**

Exhibit J contains detachable documents acknowledging your receipt of this disclosure document with all exhibits attached.

EXHIBIT A

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

<p><u>CALIFORNIA</u></p> <p><u>State Administrator and Agent for Service of Process:</u></p> <p>Commissioner Department of Financial Protection and Innovation 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><u>HAWAII</u></p> <p>Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agent for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>ILLINOIS</u></p> <p>Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u></p> <p>Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><u>MICHIGAN</u></p> <p>Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u></p> <p>Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><u>NEW YORK</u></p> <p><u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285</p> <p><u>Agent for Service of Process:</u></p> <p>Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, First Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712</p>	<p><u>RHODE ISLAND</u></p> <p>Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219</p> <p><u>WASHINGTON</u></p> <p><u>State Administrator:</u></p> <p>Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760</p> <p><u>Agent for Service for Process:</u></p> <p>Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501</p> <p><u>WISCONSIN</u></p> <p>Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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Rev. 102720



EXHIBIT B

FINANCIAL STATEMENTS

KCA HOLDINGS LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021 AND 2020



KCA HOLDINGS LLC

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Independent Auditor's Report

To the Members
KCA Holdings LLC
Denver, CO

Opinion

We have audited the accompanying financial statements of KCA Holdings LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, members' equity, and cash flows for the years then ended, 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 KCA Holdings LLC as of December 31, 2021 and 2020, 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Company'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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Kezas & Dunlay

St. George, Utah
March 25, 2022

KCA HOLDINGS LLC
BALANCE SHEETS
As of December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 78,141	\$ 5,570
Accounts receivable	22,592	1,617
Inventory	3,000	-
Total current assets	103,733	7,187
Non-current assets		
Intangible assets, net	4,767	7,400
Total assets	\$ 108,500	\$ 14,587
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	\$ 4,074	\$ 3,392
Accrued expenses	-	3,354
Credit card liability	18,076	5,078
Brand fund liability	33,091	7,354
Deferred revenue	91,250	35,750
Total current liabilities	146,491	54,928
Non-current liabilities		
Related party payable	177,020	112,354
Total liabilities	323,511	167,282
Members' equity	(215,011)	(152,695)
Total liabilities and members' equity	\$ 108,500	\$ 14,587

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

KCA HOLDINGS LLC
 STATEMENTS OF OPERATIONS
 For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue		
Royalty fees	\$ 76,470	\$ 2,357
Technology fees	17,250	2,375
Initial franchise fees	35,750	35,750
Other revenue	5,991	-
Total operating revenue	<u>135,461</u>	<u>40,482</u>
Cost of revenue	<u>66,693</u>	<u>56,068</u>
Gross profit	<u>68,768</u>	<u>(15,586)</u>
Operating expenses		
General and administrative	46,252	35,852
Professional fees	80,695	82,593
Advertising and marketing	2,975	19,664
Total operating expenses	<u>129,922</u>	<u>138,109</u>
Net operating loss	<u>(61,154)</u>	<u>(153,695)</u>
Other expenses		
Interest expense	<u>(1,162)</u>	<u>-</u>
Total other expenses	<u>(1,162)</u>	<u>-</u>
Net loss	<u>\$ (62,316)</u>	<u>\$ (153,695)</u>

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

KCA HOLDINGS LLC
STATEMENTS OF MEMBERS' INTERESTS
For the years ended December 31, 2021 and 2020

Balance as of May 1, 2020	\$ -
Contributions from member	1,000
Net loss	<u>(153,695)</u>
Balance as of December 31, 2020	(152,695)
Net loss	<u>(62,316)</u>
Balance as of December 31, 2021	<u><u>\$ (215,011)</u></u>

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

KCA HOLDINGS LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:		
Net loss	\$ (62,316)	\$ (153,695)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Amortization	2,633	500
Changes in operating assets and liabilities:		
Accounts receivable	(20,975)	(1,617)
Inventory	(3,000)	-
Accounts payable	682	3,392
Accrued expenses	(3,354)	3,354
Credit card liability	12,998	5,078
Brand fund liability	25,737	7,354
Deferred revenue	55,500	35,750
Net cash provided (used) by operating activities	<u>7,905</u>	<u>(99,884)</u>
Cash flows from investing activities:		
Investment in intangible assets	-	(7,900)
Net cash used by investing activities	<u>-</u>	<u>(7,900)</u>
Cash flows from financing activities:		
Member contributions	-	1,000
Net draws on related party payable	64,666	112,354
Net cash provided by financing activities	<u>64,666</u>	<u>113,354</u>
Net change in cash and cash equivalents	72,571	5,570
Cash at the beginning of the period	<u>5,570</u>	<u>-</u>
Cash at the end of the period	<u>\$ 78,141</u>	<u>\$ 5,570</u>
Supplementary disclosures of cash flows		
Cash paid for interest	<u>\$ 1,162</u>	<u>\$ -</u>

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

KCA HOLDINGS LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

KCA Holdings LLC (the “Company”) was organized in the State of Colorado on May 1, 2020 as a limited liability company. The Company is the franchisor of Hydrate IV Bar, which provides intravenous hydration therapy, intermuscular subcutaneous injections, and injectable vitamins in a restorative spa-like atmosphere for wellness, recover, and beauty.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2021 and 2020, the Company had cash and cash equivalents of \$78,141 and \$5,570, respectively.

(e) Accounts Receivables

Accounts receivable primarily consist of amounts from franchisees for various fees, including initial franchise fees and ongoing royalties. Based on an assessment of the franchisees’ credit history and current relationship with the Company, management has concluded that realized losses on balances outstanding at year-end will be immaterial. Accordingly, no reserve for uncollectible amounts has been recorded as of December 31, 2021 and 2020. As of December 31, 2021 and 2020, the Company had accounts receivable of \$22,592 and \$1,617, respectively.

(f) Intangibles

The Company capitalizes costs incurred for the development of their website. The Company amortizes these costs over their useful life, which is determined to be three years.

(g) Long-Lived Assets

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount, and will be recognized in the period that the recognition criteria are first applied and met.

KCA HOLDINGS LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

(h) Inventory

Inventory is stated at the lower of cost (on an average cost basis) or market. Inventory consists of signs to be resold to franchisees.

(i) Revenue Recognition

The Company's revenues consist of fees from franchised locations operated by conventional franchisees. Revenues from franchisees consist of initial franchise fees and royalties based on a percentage of gross revenues.

On January 1, 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

KCA HOLDINGS LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

(j) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Colorado. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2021, the 2020 tax year was subject to examination.

(k) Brand Fund

The Company has established a brand fund to promote public awareness of the Hydrate IV brand. Franchisees contribute funds, which are based on a percentage of gross revenue, on a monthly basis. Any unused funds collected in a calendar year are to be retained and accumulated in the following year's funds and are used solely for the purposes of developing the brand and increasing public awareness.

(l) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2021, 2020, and 2020 were \$2,975 and \$19,664, respectively.

(m) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities.

(n) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Related Party Transactions

The Company has drawn on loans from related parties to fund operations and provide working capital. These loans do not bear interest and are due upon demand. As of December 31, 2021 and 2020, the balance due to related parties was \$177,020 and \$112,354, respectively. These advances are shown as a non-current liability on the balance sheet as they are not expected to be repaid within the next twelve months.

Certain members of the Company are common owners of franchised locations and are charged brand fund contributions. During the years ended December 31, 2021 and 2020, the Company received brand fund contributions from these related parties of \$52,430 and \$8,109, respectively.

KCA HOLDINGS LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

(3) Intangible Assets

As of December 31, 2021 and 2020, the Company's intangible assets consist of the following:

	2021	2020
Website development costs	\$ 7,900	\$ 7,900
Less: accumulated amortization	(3,133)	(500)
	\$ 4,767	\$ 7,400

Amortization expense for the years ended December 31, 2021 and 2020 was \$2,633 and \$500, respectively. Expected amortization expense for the subsequent years is as follows:

For the year ended December 31,		
2022	\$	2,633
2023		2,133
	\$	4,767

(4) Deferred Revenue

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalty fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Hydrate IV system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers the revenues. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2021 and 2020:

	2021	2020
Deferred revenue, current	\$ 91,250	\$ 35,750
Deferred revenue, non-current	-	-
	\$ 91,250	\$ 35,750

(5) Brand Fund Liability

As of December 31, 2021 and 2020, the Company's brand fund had the following contributions, expenditures, and ending liabilities:

	2021	2020
Beginning balance	\$ 7,354	\$ -
Contributions	76,267	8,698
Expenditures	(50,530)	(1,344)
Ending balance	\$ 33,091	\$ 7,354

KCA HOLDINGS LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2021 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through March 25, 2022, the date on which the financial statements were issued.

EXHIBIT C

FRANCHISE AGREEMENT

EXHIBIT C



**HYDRATE IV BAR
FRANCHISE AGREEMENT**

Franchise #: _____

Franchisee: _____

Date: _____

Location: _____



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ATTACHMENTS:

Attachment A	Definitions
Attachment B	Franchise Data Sheet
Attachment C	Statement of Ownership
Attachment D	Owners Agreement

HYDRATE IV BAR
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Franchise Agreement”) is made, entered into and effective as of the “Effective Date” set forth in Attachment B to this Franchise Agreement, by and between KCA Holdings LLC, a Colorado limited liability company (“we,” “us,” or “our”), and the franchisee set forth in Attachment B to this Franchise Agreement (“you” or “your”).

This Franchise Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become completely familiar with all of the important rights and obligations this Franchise Agreement covers before you sign it.

This Franchise Agreement includes several attachments, each of which are legally binding and are a part of the complete Franchise Agreement, including an Owners Agreement which is attached to this Franchise Agreement as Attachment D (“Owners Agreement”). Certain provisions in this Franchise Agreement will also apply to the Owners and their spouses. Each Owner and each Owner’s spouse is required to sign the Owners Agreement.

It is your responsibility to read through the entire Franchise Agreement. This Franchise Agreement creates legal obligations that you must follow. We recommend that you consult with a legal professional to ensure that you understand these obligations. If you have any questions, or if you do not understand a certain provision or section, please review it with us or your legal and financial advisors before you sign this Franchise Agreement.

1. DEFINITIONS. This Franchise Agreement has defined terms. A defined term is a shorthand reference within a document that refers to another name or idea in the document. Defined terms are underlined and surrounded by double quotes, typically with capitalized first letters, and may be contained in parentheses. Some defined terms are in Attachment A of this Franchise Agreement.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Hydrate IV Bar franchised business (“Hydrate IV Bar Business” or “Hydrate IV Bar Businesses”) using our Intellectual Property from a single location that we approve (“Wellness Spa”). As a Hydrate franchisee, you will operate one Wellness Spa providing intravenous (“IV”) hydration therapy, intermuscular subcutaneous injections and injectable vitamins administered intravenously in a restorative spa-like atmosphere for wellness, recovery and beauty. These offerings are subject to change and we do not represent that your Hydrate IV Bar Business will always be permitted or required to offer all of the offerings currently offered. You may also choose to offer mobile services and products (“Mobile Services”) in your Territory and, subject to our approval, you may offer Mobile Services outside of the Territory on a case-by-case basis at events which may occur in areas unassigned to any other Hydrate IV Bar Business (such approval may be granted or denied in our sole discretion). Except for any explicitly approved Mobile Services, the license to operate a Hydrate Franchise contained in this Franchise Agreement does not permit you, at or through any location, to: (i) offer any mobile or delivery services; (ii) sell any items or services offered by your Hydrate IV Bar Business outside of the Wellness Spa; or (iii) offer products for sale online, through the internet, or at any Non-Traditional Location, without our express written consent or except as expressly permitted by the Franchise Brand Standards Manual. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a protected territory consisting of the geographic area identified in Attachment B (“Territory”); provided that you shall not receive a Territory or any territorial protections under this Franchise Agreement if your Hydrate IV Bar Business shall be operated from a Non-Traditional Location. If you receive a Territory, we will not



operate, or grant a franchise or license to a third party to operate, a Hydrate IV Bar Business that is physically located within your Territory, except as otherwise provided in this Section. You will not receive an exclusive territory.

If you elect to offer the Mobile Services, you must provide the Mobile Services in compliance with our standards (including those described in the Franchise Brand Standard Manual) and subject to all federal, state and local law and regulations. Unless you obtain our express written consent, you are only permitted to provide Mobile Services in your Territory. You may request our approval to offer Mobile Services outside of your Territory at an event located in an area that is not assigned to any other Hydrate IV Bar Business, and we will approve or deny these requests in our sole discretion. You must submit a request for each instance of offering Mobile Services outside of your Territory and may not offer the Mobile Services unless you have obtained our express written consent. If you offer Mobile Services outside of the Territory without our express written consent, we may immediately terminate your right to provide any Mobile Services anywhere, including within your Territory. If we terminate your right to offer Mobile Services, there might be a reduction in your sales, but we will not be liable for the reduction.

You must follow our rules for Mobile Services and any minimum requirements we may establish, from time to time, for mobile service providers. In particular, you may provide the Wellness Spa's services and products to customers only with your own employed service providers and not through third party contractors, or mobile services or systems.

You may advertise, market or solicit customers for your Hydrate IV Bar Business outside your Territory, but all sales must be made in your Territory unless you have obtained our written permission to provide Mobile Services at a pre-approved location outside of the Territory. Unless otherwise agreed by us, we require that you submit a request for each event at which you will offer Mobile Services outside of the Territory. There are no restrictions on our right to grant another franchisee a territory or the right to offer Mobile Services in a previously unassigned area where you have provided Mobile Services. You will not need to pay any compensation for marketing outside your Territory. A breach of this provision is material and could result in the termination of your Franchise Agreement.

We, and our affiliates, have the right to operate, and to license others to operate, Hydrate IV Bar Businesses or provide Mobile Services at any location outside the Territory, even if doing so will or might affect your operation of your Hydrate IV Bar Business. We retain all territorial rights not expressly granted to you. These include, but are not limited to, the right:

- (i) to own, franchise or operate Hydrate IV Bar Businesses at any location outside of the Territory (including any area where you previously offered Mobile Services with our written consent), regardless of the proximity to your Wellness Spa;
- (ii) to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the internet. We exclusively reserve the internet as a channel of distribution for us, and you may not independently market on the internet or conduct e-commerce;
- (iii) to offer and sell IV infusions and related products and services, including proprietary vitamin and mineral mixtures and products, under the Marks or any other marks, through Non-Traditional Locations within or outside of the Territory, including those owned by us or our affiliates;

(iv) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering IV infusions and related products and services at any location, including within the Territory, which may be similar to or different from the Hydrate IV Bar Business operated by you;

(v) to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your Hydrate IV Bar Business, whether located inside or outside the Territory, provided that any businesses located inside your Territory will not operate under the Marks;

(vi) to use and license the use of technology to non-franchisee locations inside and outside the Territory; and

(vii) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We have no express obligation or implied duty to insulate or protect you from or against erosion in your revenues or market share as the result of your Hydrate IV Bar Business competing with other spa businesses, Non-Traditional Locations, or in the ways and to the extent this Section provides or contemplates. You waive any right to assert any Claim against us based on the existence, actual or arguable, of any such obligation or duty. We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Franchise Agreement will begin on the Effective Date and continue for ten years (“Term”). If this Franchise Agreement is the initial franchise agreement for your Hydrate IV Bar Business, you may enter into a maximum of one successor franchise agreements (a “Successor Agreement”), as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Hydrate Franchises as of the expiration of the Term. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Franchise Agreement. Each successor term will be ten years. If you are signing this Franchise Agreement as a Successor Agreement, the references to “Term” shall mean the applicable renewal term of the Successor Agreement. Except as provided in Section 4.3 below, you will have no further right to operate your Hydrate IV Bar Business following the expiration of the successor term unless we grant you another Franchise, in our sole discretion. If you are renewing a prior franchise agreement with us under this Franchise Agreement, the renewal provisions in your initial franchise agreement will dictate the length of the Term of this Franchise Agreement, as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and each of your Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 60 days nor more than 180 days before the expiration of the Term; (ii) not be in default under this Franchise Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v)

pay us a non-refundable renewal fee at the time you sign the Successor Agreement of 25% of the then current Initial Franchise Fee, or if we are currently not offering franchises for sale, 25% of the Initial Franchise Fee listed on our most recent Franchise Disclosure Document; (vi) at least 60 days but not more than 180 days before the expiration of the Term, you must upgrade and remodel your Wellness Spa in accordance with Section 12.8 to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of the premises where your Wellness Spa is located for the duration of the successor term; (viii) pay us all amounts then due; and (ix) take any additional actions that we reasonably require.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Franchise Agreement, then, at our option, this Franchise Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a Franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Franchise Agreement will be deemed to take effect upon the termination of the Interim Term. Except as otherwise permitted by this Section 4.3, you have no right to continue to operate your Hydrate IV Bar Business following the expiration of the Term.

5. TRAINING AND CONFERENCES.

5.1. Initial Training Fees. We will provide our initial training program at no charge for up to five people, one of whom must be you (or, if you are an Entity, your Designated Owner), your Store Manager (if any) and your Medical Director, and your Lead Nurse; provided that all persons attend the initial training program simultaneously. You must pay us our then-current training fee as specified in our Franchise Brand Standards Manual for: (i) if more than five people attend the Initial Training Program); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require under Section 5.5; (iv) each person to whom we provide additional training that you request; (v) any training provided at your location at our then-current rate plus all travel, food and lodging for each of our representatives who travel to you; (vi) we will send two Hydrate IV Bar representatives to your location opening(s). You will be responsible for the cost of this at our then-current rate plus all travel, food and lodging for both representatives who travel to you; and (vii) each person who attends any system-wide or additional training that we conduct. We will only provide on-site initial training for a new Lead Nurse, Store Manager or Designated Owner (if your Designated Owner will act as the Store Manager) that replaces an existing principal or employee and all other trainees will need to travel to our designated location unless mutually agreed upon in writing. You will also pay the cost of travel, food and lodging for our trainers and/or representatives. You, or if you are an Entity, your Designated Owner, your Store Manager, if any, and your Medical Director must attend and successfully complete our initial training program before you open your Hydrate IV Bar Business.

5.2. Initial Training for New Owners/Store Managers/Medical Directors/Lead Nurses. If you hire a new Store Manager or Lead Nurse or appoint a new Designated Owner, the new Store Manager, Lead Nurse, Medical Directors, as applicable, must attend and successfully complete our then-current initial training program. You will be required to pay our then-current initial training fee.

5.3. Periodic Training. We may offer periodic refresher or additional training courses for you or your Designated Owner, Store Manager, Lead Nurse, Medical Director and other employees. Attendance at these training programs may be optional or mandatory. You may be required to pay a fee for this training as specified in our Franchise Brand Standards Manual.



5.4. Additional Training upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time. We may charge you our then-current fee for such assistance or training, plus costs and expenses.

5.5. Remedial Training. If we conduct an inspection of your Wellness Spa and determine that you are not operating in compliance with this Franchise Agreement and/or the Franchise Brand Standards Manual, we may, at our option, require that you, or if you are an Entity, your Designated Owner, Store Manager, Lead Nurse, Medical Director and management personnel attend remedial training that is relevant to your operational deficiencies. You must pay us the then-current per-day or per-person on-site training fee and reimburse us for the expenses we or our representatives incur in providing any remedial training. Due to the nature of this training, this fee may be higher than the basic training fee.

5.6. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Hydrate IV Bar franchisees. Attendance at these conferences may be mandatory or optional. You are responsible for paying our then-current conference fee, whether or not you attend the conference in any given year.

5.7. Conference and Training Costs. You are solely responsible for all expenses and costs that you (or if you are an Entity, your Designated Owner), Store Manager (if any), Lead Nurse, Medical Director and each of your trainees incur for all trainings and conferences under this Section 5, including wages, travel, lodging and living expenses. You also agree to reimburse us for all expenses and costs that we incur to travel to your Wellness Spa under this Section 5, including transportation, food, lodging and travel expenses. As of the Effective Date, we charge \$500 per day for initial training if more than five trainees attend or for initial training for replacement employees at our designated training location, \$750 per day for initial training for replacement employees at your Wellness Spa, and \$350 per day for on-site assistance. For any on-site assistance or replacement training occurring at your Wellness Spa, you must pay the travel and food costs for our trainer. All training fees and expense reimbursements must be paid to us within ten days after invoicing.

6. OTHER ASSISTANCE.

6.1. Franchise Brand Standards Manual. We will provide you with access to a copy of our current franchise brand standards manual for the Term of this Franchise Agreement, and we will later provide you with all periodic modifications thereto and any other manual we may develop specifying the System standards (collectively, the “Franchise Brand Standards Manual”). We reserve the right to provide the Franchise Brand Standards Manual electronically, such as by an intranet or password-protected website. You acknowledge that your compliance with the Franchise Brand Standards Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation throughout the System. It is not designed to control the day-to-day operation of the Hydrate IV Bar Business.

6.2. Site Selection. We will provide you with advice and general specifications for identifying a suitable location for the Wellness Spa.

6.3. General Guidance. We will, upon reasonable request, provide advice or guidance regarding your Hydrate IV Bar Business’s operation based on reports or inspections or discussions with you. Advice will be given during our regular business hours and via written materials, electronic media, telephone or other methods, in our discretion.

6.4. Marketing Assistance. As further described in Section 11, we will provide you with other marketing assistance.



6.5. Website. We will maintain a website for Hydrate IV Bar Businesses that will include the information about your Hydrate IV Bar Business that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. We are only required to reference your Hydrate IV Bar Business on our website while you are in full compliance with this Franchise Agreement and all System Standards. If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Brand Standards Manual and discussed in Section 11.2.5 below. We must approve all content on your webpage. We will own the website (including any webpages for your Hydrate IV Bar Business) and domain name at all times. You will not be permitted to operate a separate website or social media page without our prior written approval and without sharing the administrative rights with us. You must provide administrator passwords and privileges to us, and shall not change or update either the administrator or password without first notifying us in writing.

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

6.7. Proprietary Products. We utilize Hydrate IV Bar proprietary combinations of IV hydration and vitamins and minerals and may continue to develop and own proprietary formulas or combinations. You must purchase the proprietary products we or our affiliates develop only from us, our affiliates or a third party who we have licensed to prepare and sell the products. You agree to maintain a reasonable inventory of approved at your Hydrate IV Bar Business at all times.

7. ESTABLISHING YOUR HYDRATE IV BAR BUSINESS.

7.1. Site Selection. Your Hydrate IV Bar Business may be operated either from a traditional location or from a Non-Traditional Location. If a particular site for the Wellness Spa has been selected and approved at the time of the signing of this Franchise Agreement, it shall be entered in Attachment B-1 as the Wellness Spa location, and the Territory shall be as listed in Attachment B-1. If a particular site has not been selected and approved at the time of the signing of this Franchise Agreement, Section 6 of Attachment B will describe the location in general terms below in the “General Description.” The General Description does not confer any territory rights to you and is only used for a reference. We may sell other franchised locations in the area in the General Description. After we have approved a location for your Wellness Spa, we will complete the Wellness Spa location and the Territory in Attachment B-1. As the Territory are dependent on the location of the Wellness Spa, we will present you with the Territory upon the identification of the site for the Wellness Spa. If you do not wish to accept the Territory, you may choose another site location and we will present you with another Territory.

We recommend that you retain: (a) an experienced commercial real estate broker or salesperson to advise and counsel you on price, economics, viability, location and acquisition or lease of the site for the Wellness Spa; and (b) an experienced attorney to provide advice and counsel you on your Hydrate IV Bar Business and the terms, conditions and economics of the legal and other documents required to lease or purchase the site. If you fail to retain such professionals and we are required to expend additional legal fees related thereto, we may require you to reimburse us for such expenditures. You agree to locate and obtain our approval of the premises from which you will operate your Hydrate IV Bar Business within 60 days after the Effective Date. The Wellness Spa must be located within the General Description Area and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We may require that you obtain a feasibility study for the

proposed site at your sole cost. If you choose to use our approved vendor, they will assist you in managing the site selection process to help you identify potential locations. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to accept or reject a proposed site within 14 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 14-day period. If we disapprove of the proposed site, you must select another site, subject to our consent. Our approval shall be evidenced by the execution of Attachment B-1 by you and us. You may only operate the Hydrate IV Bar Business at the location specified in Attachment B-1. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Wellness Spa. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. Lease. You must purchase or lease the site for your Hydrate IV Bar Business within 60 days after the Effective Date. You must also provide us with a proposed copy of the lease for the premises at least ten days before signing. We will only review the lease to determine that it is in compliance with the terms of this Franchise Agreement and will not review the lease for or provide you with any business, economic, legal or real estate analysis or advice. If you hire an approved vendor, they may assist you in negotiating the lease for your Wellness Spa. However, you are solely responsible for the terms of the lease and any no-objection letter we provide for the lease does not provide any representation or warranty of any kind, express or implied, concerning the terms of the lease or the viability or suitability of the site for the Wellness Spa. You must lease your retail space for a minimum term of at least ten years. You will ensure your landlord either: (1) signs the Lease Addendum that is attached to the Franchise Disclosure Document in Exhibit G; or (2) incorporates the terms of the Lease Addendum into the lease for the Wellness Spa. If your landlord refuses, we have the right to disapprove of your lease, in which case you must find a new site for your Wellness Spa. You and the landlord must sign the lease and Lease Addendum within 60 days after the Effective Date. You must promptly send us a copy of your fully executed lease and any Lease Addendum for our records. Your landlord may require you and, if you are an entity, the owners and spouses to sign a personal guaranty.

7.3. Construction. We will provide you with specifications for the design and layout for a Wellness Spa. You must hire an architect approved by us in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must first review and accept the architect's drafted floor plan and submit your floor plan to us for our review and acceptance. Once we accept your floor plan, the architect must develop your full construction drawings for the Wellness Spa. Upon your review and acceptance, you must submit your construction drawings to us for our final review and approval. Once we accept your floor plan and approve your construction drawings, drawings and specifications may not be changed or modified without our prior written approval. Once accepted by us, you must, at your sole expense, construct and equip the Wellness Spa to the specifications contained in the Franchise Brand Standards Manual and purchase (or lease) and install the equipment, fixtures, furnishings, signs and other items that we require. All exterior and interior signs of the Wellness Spa must comply with the specifications that we provide to you. We must approve the architects, contractors and other suppliers you use to construct your Wellness Spa. You agree to provide us with weekly status updates as to construction of the Wellness Spa. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the System. We must approve the layout of your Wellness Spa prior to opening.

7.4. Opening. You must open your Hydrate IV Bar Business to the public within 210 days after the Effective Date. You may not open your Hydrate IV Bar Business before: (i) successful completion of the initial training program by you or your Designated Owner Store Manager (if any), Lead Nurse and your Medical Director; (ii) you purchase all required insurance; (iii) you obtain all required

licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, buildout and layout of your Wellness Spa.

We will conduct a pre-opening inspection of your Wellness Spa and you agree to make any changes we require before opening. We will conduct our pre-opening inspection either by having a corporate representative visit your site, or through a virtual site visit. By virtue of opening your Hydrate IV Bar Business, you acknowledge that we have fulfilled all of our pre-opening obligations to you.

7.5. Relocation. You may relocate your Wellness Spa within your Territory with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate within your Territory, you must: (i) comply with Sections 7.1 through Section 7.3 of this Franchise Agreement with respect to your new Wellness Spa (excluding the 365 day opening period); (ii) open your new Wellness Spa and resume operations within 30 days after closing your prior Wellness Spa; and (iii) reimburse us for our reasonable expenses (including attorney fees and costs) which we anticipate being approximately \$5,000. You may not relocate your Wellness Spa either inside or outside of your Territory without our prior written approval, which we may withhold in our sole discretion. We may consider issues including distance from existing and prospective location, and, we may require, in our sole discretion, that your Territory be modified as a condition to our approval of you relocating your Wellness Spa. Upon our approval of the relocation of your Wellness Spa, Attachment B shall be updated with the new location, and the remainder of this Franchise Agreement shall remain in full force and effect.

7.6. Catastrophes. If your Wellness Spa is destroyed or damaged by fire or other casualty rendering the remainder of the Wellness Spa unusable and the Term of this Franchise Agreement and the lease for your Wellness Spa has at least two years remaining, you will: (a) within 30 days after the date of such destruction or damage of your Wellness Spa, commence all repairs and reconstruction necessary to restore the Wellness Spa to its condition prior to such casualty; or (b) relocate the Wellness Spa pursuant to Section 7.5, and the Term shall be extended for the period from the date the Wellness Spa closed due to the destruction or damage until it reopens. If there are less than two (2) years remaining in the Term of this Franchise Agreement, your Wellness Spa is destroyed or damaged by fire or other casualty rendering the remainder of the Wellness Spa unusable, you may decide to restore your Wellness Spa or terminate this Agreement. You will reimburse us eight percent (8%) of any insurance proceeds due to business interruption as a result of your Wellness Spa being closed as a result of a casualty event or any other reason.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You acknowledge that a major requirement for the success of your Hydrate IV Bar Business is the active, continuing and substantial personal involvement and hands-on supervision by you or your Designated Owner, who must at all times be actively involved in the operation of the Hydrate IV Bar Business on a full-time basis and provide on-site management and supervision, unless we authorize you to delegate management functions to a Store Manager. If you are not an individual, you must designate an Designated Owner (“Designated Owner”) acceptable to us who will be principally responsible for communicating with us about the Hydrate IV Bar Business. The Designated Owner must have the authority and responsibility for the day-to-day operations of your Hydrate IV Bar Business and must have at least twenty percent (20%) equity in you.

8.2. Store Manager; Medical Director; Lead Nurse. You may hire a manager to assume responsibility for the daily on-site management and supervision of your Hydrate IV Bar Business (“Store Manager”), but only if: (i) we approve the Store Manager in our commercially reasonable discretion; (ii) the Store Manager successfully completes the initial training program; and (iii) you or your Designated Owner agree to assume responsibility for the on-site management and supervision of your Hydrate IV Bar Business if the Store Manager is unable to perform his or her duties due to death, disability,



termination of employment, or for any other reason, until such time that you obtain a suitable replacement Store Manager.

We require that you hire a medical director (“Medical Director”) to have oversight and responsibility for all medical and health related operations at your Wellness Spa. The Medical Director will be required to be an MD, DO, nurse practitioner, or other licensed professional, depending on your local and state laws (and all federal requirements). Your Medical Director may also be the same individual as your Designated Owner and/or Store Manager. We may also require that your Designated Owner or your Store Manager also be the Medical Director. The service providers you employ or engage may be required to be registered nurses or other licensed professionals, depending on the requirements of the Franchise Brand Standards Manual and on your local and state laws (and all federal requirements).

We require that you hire a lead nurse (“Lead Nurse”) to manage the day to day medical and health related operations at your Wellness Spa. The Lead Nurse will be required to be a nurse practitioner or other licensed professional, depending on your local and state laws (and federal requirements), and prior to attending training, will also be required to be licensed to practice in Colorado in addition to in the state in which your Wellness Spa is located.

8.3. Employees. You understand that there are federal, state and local laws and regulations that may govern the workers you employ or engage in your Wellness Spa, and that you must comply with each of the same. You must determine appropriate staffing levels for your Hydrate IV Bar Business to ensure full compliance with this Franchise Agreement and our System standards. You are solely responsible to hire, train and supervise employees or independent contractors to assist you with the proper operation of the Hydrate IV Bar Business. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings levied or fixed by any city, state or federal governmental agency, or otherwise required by law) due for your employees. These employees and independent contractors will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or independent contractors or the manner in which they perform their assigned tasks. You must inform your employees and independent contractors that you are exclusively responsible for supervising their activities and dictating the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, time cards and similar items. We also do not control the hiring or firing of your employees or independent contractors. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, firing, hours worked, rates of pay and other benefits, work assignments, training and working conditions, compliance with wage and hour requirements, personnel policies, recordkeeping, supervision and discipline. We will not provide you with any advice or guidance on these matters. You must require your employees and independent contractors to review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee or independent contractor that you are his or her sole employer. You must also post a conspicuous notice for employees and independent contractors in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the sole employer. We may prescribe the form and content of this notice. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel competent in employment law.

8.4. Assumption of Management; Step-In Rights. In order to prevent any interruption of operations which would cause harm to Hydrate IV Bar Business, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual or individuals of our choosing (“Interim Manager”) for so long as we deem necessary and practical to temporarily manage your Hydrate IV Bar Business: (i) if you fail to comply with any System standard or provision of this

Franchise Agreement and do not cure the failure within the time period specified by the Franchise Agreement or us; (ii) if we determine in our sole judgment that the operation of your Hydrate IV Bar Business is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate your Hydrate IV Bar Business; (iv) if you abandon or fail to actively operate your Hydrate IV Bar Business; (v) upon your (or your Designated Owner, if you are an Entity), your Store Manager's or Medical Director's absence, termination, illness, death, incapacity or disability; (vi) if we deem you (or your Designated Owner, if any entity), your Store Manager or your Medical Director incapable of operating your Hydrate IV Bar Business; or (vii) upon a Crisis Management Event ("Step-in Rights"). If we exercise the Step-In Rights:

(a) you agree to pay us, in addition to all other amounts due under this Franchise Agreement, an amount equal to \$500 per day that the Interim Manager manages your Hydrate IV Bar Business, plus the Interim Manager's costs and expenses;

(b) all monies from the operation of your Hydrate IV Bar Business during such period of operation by us shall be kept in a separate account, and the expenses of the Hydrate IV Bar Business, including compensation and costs and expenses for the Interim Manager, shall be charged to said account;

(c) you acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Hydrate IV Bar Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Hydrate IV Bar Business purchases, while Interim Manager manages it;

(d) the Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager, and you will indemnify and hold us harmless for and against any of the Interim Manager's acts or omissions, as regards to the interests of you or third parties; and

(e) you agree to pay all of our reasonable attorney's fees, accountant's fees, and other professional fees and costs incurred as a consequence of our exercise of the Step-In Rights.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Franchise Agreement, including, without limitation, termination.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to undertake each obligation under this Section 9. You must provide us with a list of all of the Owners. You must execute a resolution of the Entity authorizing the execution of this Franchise Agreement and provide us a copy of the Entity's organizational documents, and a current Certificate of Good Standing (or the functional equivalent thereof). You represent as of the Effective Date, and covenant during the Term (and any extensions thereof) to ensure that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation. You may not conduct any other business from the legal entity. You are, and will continue to be during the Term (and any extensions thereof), qualified and authorized to do business in the jurisdiction where the Wellness Spa is to be located and in each jurisdiction where it conducts business, maintains offices, owns real estate or where qualification is required by law. You agree to ensure that your organizational documents will at all times provide your business activities will be confined exclusively to the ownership and operation of the Hydrate IV Bar Business, unless otherwise consented to in writing by us. You agree that Attachment C to this Franchise Agreement completely and accurately describes all of the Owners and their interests in you as of the Effective Date. You and the Owners agree to sign and deliver to us revised versions of Attachment C periodically to reflect any permitted changes in the information that Attachment C now contains. You agree to, at all times, maintain a current schedule of the Owners of you and their ownership interests and to immediately provide us with an copy of the updated ownership schedule



whenever there is any change of ownership to you. You acknowledge that you and the Owners have no material liabilities, adverse claims, commitments or obligations of any nature as of the Effective Date, whether accrued, unliquidated, absolute, contingent or otherwise, except as disclosed to us in writing or set forth in any financial statements that have been provided to us. You will, at all times, maintain sufficient working capital to operate the Hydrate IV Bar Business and to fulfill its obligations under this Franchise Agreement, and will take steps to ensure availability of capital to fulfill your obligations to maintain and remodel the Wellness Spa premises in accordance with this Franchise Agreement. You agree not to use the name “Hydrate IV Bar” or any derivative thereof in the name of your Entity. You further acknowledge that the acknowledgements, representations, covenants and warranties contained in this Section are continuing obligations of you and the Owners and that any failure to comply with such representations, warranties and covenants will constitute a material breach of this Franchise Agreement.

10. OWNERS AGREEMENT All Owners (whether direct or indirect) and their spouses must sign the Owners Agreement, attached as Attachment D to this Franchise Agreement, agreeing to be personally bound by all of this Franchise Agreement’s terms. You agree that, if any person or Entity ceases to be one of your Owners, or if any individual or Entity becomes an Owner of you (such ownership change must comply with the Transfer requirements discussed in Section 19.2 below), you will require the new Owner (and the new Owner’s spouse) to execute all documents required by us, including the Owners Agreement.

11. ADVERTISING & MARKETING.

11.1. Brand Fund.

11.1.1. Administration. The brand promotion fund (“Brand Fund”) is used for marketing, developing, and promoting the System, the Marks and Hydrate IV Bar Businesses. The Brand Fund may be administered by us or our affiliates or designees, at our discretion. We may use the Brand Fund to pay for any of the following in our sole discretion: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for Brand Fund Contributions; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) conducting reputation management functions; (xiv) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xv) our and our affiliates’ expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the Brand Fund may be invested, and we may lend money to the Brand Fund if there is a deficit. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. The Brand Fund is not a trust, and we have no fiduciary obligations to you with respect to our administration of the Brand Fund. An unaudited financial accounting of the operations of the Brand Fund, including deposits into and disbursements from the Brand Fund, will be prepared annually and made available to you upon written request. We do not ensure that our expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contribution by our franchisees operating in that

geographic area or that any of our franchisees benefit directly or in proportion to their Brand Fund Contribution. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their franchise agreement. Hydrate IV Bar Businesses owned by us contribute to the Brand Fund on the same basis as franchisees. We reserve the right to change, merge, re-form or dissolve the Brand Fund in our discretion. We will not use the Brand Fund for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

11.1.2. **Brand Fund Contribution.** On the same day your Royalty (defined below in Section 13.3) payment is due, you must contribute to the Brand Fund the amount that we specify in our Franchise Brand Standards Manual, currently up to two percent (2%) of your monthly Gross Revenue (the “Brand Fund Contribution”).

11.1.3 **Brand Fund Termination.** We may, upon 30 days’ prior written notice to you, reduce or suspend Brand Fund Contribution and operations for one or more periods of any length and terminate and/or reinstate the Brand Fund. If we terminate the Brand Fund, we may either spend the remaining amounts or distribute all unused contributions to contributing then-current franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

11.2. Your Marketing Activities.

11.2.1. **Local Advertising Requirement.** In addition to your required Brand Fund Contribution, you must spend an average of one percent (1%) of Gross Revenue on local advertising to promote your Hydrate IV Bar Business (“Local Advertising Requirement”). We will measure your compliance with this requirement on a rolling six-month basis, meaning that as long as your average monthly expenditure on local advertising over any six-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or to the Brand Fund. We must approve all local advertising in accordance with Section 11.2.4. You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.3.

11.2.2. **Market Introduction Program.** You will spend a minimum of \$20,000 on approved grand opening marketing, advertising and promotion materials based on the marketing plan we provide for your Hydrate IV Bar Business (“Market Introduction Program”). The Market Introduction Program shall take place during the period commencing 90 days prior to the opening of your Hydrate IV Bar Business and ending 90 days after the date on which your Hydrate IV Bar Business opens for business. We will consult with you in connection with your Market Introduction Program. You agree to provide us with an accounting (in the form prescribed by us) of your expenditures for grand opening marketing, advertising and promotion within 120 days after the opening of your Hydrate IV Bar Business upon our request. All expenditures for grand opening marketing, advertising and promotion will be in addition to your other fees, and marketing, advertising and promotion obligations under the Franchise Agreement.

11.2.3. **Standards for Advertising.** You must order sales and marketing material from us or our designated suppliers. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with

all federal, state and local laws, rules and regulations. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property or legal rights of others.

11.2.4. Approval of Advertising. We must pre-approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you modify). We will be deemed to have disapproved the materials if we fail to issue our written approval within 14 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to us, or to the Brand Fund.

11.2.5. Internet and Websites. We may require that you utilize our designated supplier for social media marketing services, at your expense. If you wish to utilize social media or advertise online, you must follow our online policy which is contained in our Franchise Brand Standards Manual. Our online policy may change as technology and the internet changes. We may restrict your use of social media. Subject to Section 3 above, we restrict your ability to independently market on the internet, and we may not allow you to use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Hydrate IV Bar Business on the internet (other than through approved social media outlets). Accordingly, you may not maintain a separate website, conduct e-commerce, or otherwise maintain a presence or advertise on the internet or any other public computer network in connection with your Hydrate IV Bar Business without sharing the administrative rights with us and without our express written permission, which we may revoke at any time, in our sole discretion.

11.3. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region in which you may be required to participate. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. Upon our request, you will be required to participate in compliance with the provisions of the Franchise Brand Standards Manual, which we may periodically modify at our discretion. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. Franchisees in each cooperative will contribute an amount to the cooperative for each Hydrate Franchise that the franchisee owns that exists within any cooperative's geographic area, up to one percent (1%) of Gross Revenue. Each Hydrate Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees.

11.4. Advisory Council. We also have the right to establish an advisory council ("Council") to advise us on advertising policies and to promote communications between us and all franchisees. If the Council is formed, it will be governed by bylaws that will specify that members of the Council would consist of both franchisees and corporate representatives and will specify the manner in which members are selected, subject to any changes to such bylaws or structure that we deem necessary in our sole discretion. The Council would serve in an advisory capacity only. We reserve the right to grant to the Council any operation or decision-making powers that we deem appropriate. We reserve the right to form, change, merge or dissolve the Council, in our sole discretion.

11.5. Marketing Assistance from Us. We may create and make available to you, advertising and other marketing materials for your purchase. We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the internet (in which case you must arrange for printing the materials and paying all printing costs). We may also enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase.

12. BRAND STANDARDS.

12.1. Compliance with Law. Without limiting the generality of anything else contained in this Franchise Agreement, you acknowledge and agreed: (i) the Hydrate IV Bar Business is subject to a wide variety of federal, state, and local laws and regulations, which includes regulations regarding licensing and individuals who may oversee and provide all services at the Wellness Spa; (ii) some but not all of these laws and regulations are described in the Franchise Disclosure Document; (iii) notwithstanding any disclosures or guidance we may provide related to these laws and regulations, you are solely responsible for complying with all laws and regulations in connection with the operation of the Hydrate IV Bar Business, including making any physical alterations to your Hydrate IV Bar Business location as may be required by law (including without limitation any update or changes to any applicable laws or regulations).

Without limiting the generality of anything else contained herein, you (or the relevant provider) must secure and maintain in force all required licenses, permits, and regulatory approvals for the operation of your Wellness Spa, your Medical Director and any other relevant service provider as required in your jurisdiction. If the relevant license(s) of your Medical Director or any relevant service provider is revoked, suspended or restricted or an action is instituted by the relevant authority or any other governmental agency, you must immediately notify us in writing. You shall also furnish us with copies of certificates and endorsements evidencing that such license(s) are valid within ten days after each of the following events (A) at any renewal period and (B) at all instances of any change to, addition to or replacement of any partner or employee who provides services at the Wellness Spa. Failure to maintain (including any lapse, alteration, or cancellation of) all required licenses, all of which require immediate notice to us, shall in our sole discretion, be deemed an immediate material breach of this Franchise Agreement.

Additionally, you agree to operate your Hydrate IV Bar Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Franchise Agreement and the Franchise Brand Standards Manual. Any required standards exist to protect our interests in the System and the Marks, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Franchise Brand Standards Manual or other written materials. The Franchise Brand Standards Manual will also include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative; provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

12.2. Franchise Brand Standards Manual. You agree to establish and operate your Hydrate IV Bar Business in accordance with the Franchise Brand Standards Manual. The Franchise Brand Standards Manual may contain, among other things: (i) a description of the authorized products and services that you may offer at your Hydrate IV Bar Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for goods, products, services, IV ingredients and menu items that you use or offer at your Hydrate IV Bar Business; (iii) policies and procedures that we prescribe from time to time

for our franchisees; (iv) mandatory reporting and insurance requirements; (v) mandatory and suggested specifications for your Hydrate IV Bar Business; (vi) policies and procedures pertaining to any gift card program that we establish; and (vii) a written list of furniture, fixtures, equipment, products and services (or specifications for such items) you must purchase for the development and operation of your Hydrate IV Bar Business and a list of any designated or approved suppliers for such items. The Franchise Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the products and services offered by our franchisees. We can modify the Franchise Brand Standards Manual at any time, but such modifications will not alter your rights under this Franchise Agreement. The modifications will become binding immediately when we send you notice of the modification. All mandatory provisions contained in the Franchise Brand Standards Manual (whether they are included now or in the future) are binding on you. If your copy of the Franchise Brand Standards Manual is lost, stolen, destroyed or significantly damaged, you will be required to pay us \$500.

12.3. Authorized Products and Services. You agree to offer all products and services that we require from time to time. You may not offer any other products or services at your Hydrate IV Bar Business without our prior written permission. You may not use your Wellness Spa or permit your Wellness Spa to be used for any purpose other than offering the products and services that we authorize. We may, without obligation to do so, add, modify or delete authorized products and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more products or services shall not constitute a termination of the Franchise or this Franchise Agreement. If you are providing Mobile Services, you must follow our off-site policies and procedures in our Franchise Brand Standards Manual. These policies and procedures may impose restrictions in the future that prohibit you from requesting to provide Mobile Services outside of your Territory.

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

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



12.6. Software and Technology. You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, security cameras, communication equipment, communication services, internet services (including the requirement to maintain a high-speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in the Hydrate IV Bar Business. You will provide any assistance we require to connect your point-of-sale systems or computer systems with our computer system. We will have the right at any time to retrieve data and other information from your point-of-sale systems or computer systems as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to your point-of-sale systems, at your cost. You must provide us with any and all codes, passwords and information necessary to access your computer network. You must receive our prior approval before changing such codes, passwords and other necessary information. You will strictly comply with the policies and procedures specified in the Franchise Brand Standards Manual for all items associated with your point-of-sale systems, computer systems and communication equipment and services. You will keep the point-of-sale systems, computer systems and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to your point-of-sale systems, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. You will utilize the point-of-sale systems, computer systems and communication equipment and services in connection with the Hydrate IV Bar Business pursuant to our policies and procedures as contained in the Franchise Brand Standards Manual. You are required to pay our then-current technology fee (“Technology Fee”) in accordance with the terms of Section 13.2 of this Franchise Agreement for the use of certain technologies used in the operation of your Hydrate IV Bar Business, such as email address, location website and intranet/extranet costs. You must also pay our then-current technology business solutions fees to approved suppliers for certain business solutions that will support your business efficiencies, including phone systems, security systems, scheduling software, employee shift/task management software, music subscription, inventory solution and any other solutions we may require from time to time in the Franchise Brand Standards Manual for your Hydrate IV Bar Business. We reserve the right to upgrade, modify and add new systems and software, which may result in additional initial and ongoing expenses that you will be responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems or software and for any increase in fees from third party providers. You are required to purchase or license and use our then-current point-of-sale system and pay any applicable support fee for the point-of-sale license and support to our designated vendor. We reserve the right to: (i) require you to license or purchase certain business solutions and software that will support your business efficiencies, including security systems, phone systems, scheduling software, employee shift/task management software, back office financial software, music subscription, inventory solutions and other solutions; (ii) enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology; (iii) create proprietary software or technology that must be used by Hydrate franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees (iv) upgrade, modify and add new solutions, software and technologies; (v) change or add approved suppliers of these services at any time, in our sole discretion; and (vi) increase or decrease the Technology Fee and other technology and licensing and expenses that you are required to pay under this Franchise Agreement upon 30 days’ written notice to you. You acknowledge and agree that changes to technology are dynamic and not predictable within the Term of this Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section for that purpose. There is no limitation on the frequency and cost of your obligation to maintain, update or upgrade your computer system or its components. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the computer system, your point-of-sale system, or

other technology used in the operation of your Hydrate IV Bar Business, including all data protection or security laws, as well as Payment Card Industry compliance.

12.7. Maintenance. You agree to maintain your Wellness Spa in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Wellness Spa at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Wellness Spa as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.8. Remodeling. You agree to remodel and make all improvements and alterations to your Wellness Spa that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There is no limitation on the cost of any remodeling that we may require. You will not install or permit to be installed on or about the Wellness Spa premises any furnishings, fixtures, equipment, signs, décor, ATM machines, vending machines, video games, juke boxes, public telephone or other type of vending machine, whether or not coin-operated, or the like that we have not previously approved. The revenues you receive from any approved machines shall be included in your Gross Revenue. You may not remodel or significantly alter your Wellness Spa without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards, specifications or image requirements. You agree to complete any remodel of the Wellness Spa within nine months after receiving our written request specifying the requirements. Except for maintenance under Section 12.7, and the requirements of Section 12.1, we will not require that you remodel the Wellness Spa more than once every five years.

12.9. Hours of Operation. You must keep your Hydrate IV Bar Business open for the minimum hours and minimum days of operation as specified in the Franchise Brand Standards Manual, which may change over the Term. Your Hydrate IV Bar Business must be open every day of the year, other than Christmas Day, unless otherwise agreed to by us. You must establish specific hours of operation and submit those hours to us for approval.

12.10. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. You must reimburse us for the reasonable costs we incur for responding to a customer complaint, including the value of any gift card, refund or other value we provide to the customer as part of addressing the issue.

12.11. Safety Audit. At any time, we reserve the right to engage the services of one or more mystery shoppers or quality assurance inspection firms who will inspect your Wellness Spa for quality control purposes. These inspections may address a variety of issues, including, but not limited to, customer service, safety, sanitation, and inventory rotation. You agree to fully cooperate with any such inspection. If we implement such a program, you may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which case you must pay your proportional share of the total fee based on number of inspections performed. You agree to pay us this fee within ten days after invoicing. If you fail a safety audit, we will require you to undergo an additional food safety audit at your own expense within 45 days.

12.12. Compliance with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks.



12.13. Methods of Payment and Data Security. You agree to maintain, at all times, credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, merchant service providers, loyalty and gift cards, and electronic fund transfer systems (together, “Credit Card Vendors”) that we may periodically designate as mandatory. The term Credit Card Vendors includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, Apple Pay and Google Wallet). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.14. Crisis Management Event. You agree to notify us immediately by telephone and email upon the occurrence of a Crisis Management Event. We may establish emergency procedures which may require you to temporarily close the Hydrate IV Bar Business to the public, in which case you agree that we will not be held liable to you for any losses or costs.

12.15. Gift and Loyalty Cards. You agree to participate in our gift and loyalty card programs, if any, and agree to make gift and loyalty cards available for purchase and redemption at your Wellness Spa.

12.16. Privacy. You agree to comply with all applicable laws pertaining to the privacy of customer, employee and transactional information (“Privacy Laws”). You also agree to comply with our standards and policies pertaining to Privacy Laws.

12.17. Music & Vending. You agree to only play the music selections and purchase the music equipment that has been approved by us in writing and in accordance with the Franchise Brand Standards Manual. Without our prior approval, you agree not to install any jukeboxes, vending machines, electronic games, ATM machines, newspaper racks, entertainment devices or gambling devices at the Wellness Spa and agree to not sell any tickets, subscriptions, chances, raffles or lottery tickets.

12.18. Annual Conferences. You, and such other persons employed or contracted by you as we may require, must attend the annual conferences, franchisee meetings, seminars and other gatherings or group sessions (collectively, “Conferences”) we hold. We have the right to determine the topics covered, duration, date and location of all Conferences. You will pay the then-current conference fee we establish for each person attending a Conference (“Conference Fee”) and will also pay the travel expenses and all other expenses incurred by the persons attending the Conference on your behalf. The Conference Fee is payable to us to help defray the cost of attendance at any Conference and is payable regardless of whether or not you attend any given Conference.

12.19 Membership. The System utilizes a membership program in which a member of any Hydrate IV Bar location shall enjoy privileges at all wellness spa locations and reciprocal benefits at each wellness spa, including your Wellness Spa, but with reimbursement. You acknowledge and agree to provide all eligible members of other franchisees’ wellness spas with access to your Wellness Spa at no cost, but you will be reimbursed by the home Wellness Spa of the member to which you provide services. You will submit a reimbursement request to the Franchisor accounting group on a monthly basis and payment will be made thereafter. Additionally, if your members use another wellness spa, reimbursement will be drawn from your account by the Franchisor on monthly basis and a report of the same will be

provided to you. You agree to follow all membership and reciprocal benefits, standards and requirements as set forth in the Franchise Brand Standards Manual and acknowledge that you may provide more reciprocal services than other franchisees. We currently do not permit any customer to transfer their membership from one wellness spa to another. We may eliminate and/or change the membership program at any time. Your membership program should be consistent with the system guidelines in our Franchise Brand Standards Manual. Your Hydrate IV Bar Business will also offer packages of services, walk-ins and single appointments.

13. FEES.

13.1. Initial Franchise Fee. You agree to pay us an initial franchise fee in the amount set forth in Attachment B to this Franchise Agreement (“Initial Franchise Fee”) in one lump sum at the time you sign this Franchise Agreement. You may, at the time you sign this Franchise Agreement, purchase the rights to open either (1) a single Franchise; (2) between two to five Franchises (a “Small Multi”); or (3) between six to 10 Franchises (a “Large Multi”). If you purchase either a Small Multi or Large Multi, you will sign the “Multi-Franchise Addendum,” the form of which is attached to the Franchise Disclosure Document in Exhibit G. Fifty percent (50%) of the Initial Franchise Fee for each unit due will be due upon signing the addendum. To open additional Hydrate IV Bar Businesses under a Small Multi or Large Multi, you will be required to sign our then-current form of franchise agreement, and pay the remaining fifty percent (50%) of the Initial Franchise Fee (all other fees will apply). The Initial Franchise Fee is fully earned by us when received and is not refundable under any circumstances (even if you fail to open one or more Franchises). If this Franchise Agreement is the renewal of a prior franchise agreement with us for an existing Hydrate IV Bar Business or the transfer of the Hydrate IV Bar Business from another franchisee, then no Initial Franchise Fee is due.

13.2. Technology Fee. You must pay us a technology set-up fee of \$750 upon execution of this Franchise Agreement. Additionally, you must begin paying a monthly technology fee of \$750 beginning three months before the scheduled opening of your Hydrate IV Bar Business and continuing throughout the Term of your Franchise Agreement (“Technology Fee”). The Technology Fee shall be due to us each month at the same time that you pay your royalty fee.

13.3. Royalty. On 10th day of each month (or such other date as we designate), you agree to pay us a royalty fee (“Royalty”) equal to eight percent (8%) of Gross Revenue during the previous calendar month. This Royalty is an ongoing payment that allows you to use the Marks and Intellectual Property of the System.

13.4. Other Fees and Payments. You agree to pay all other fees, expense reimbursements, and all other amounts specified in this Franchise Agreement in a timely manner as if fully set forth in this Section 13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services that you sell or based upon products or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Franchise Agreement).

13.5. Late Fee. If any sums due under this Franchise Agreement have not been received by us when due then, in addition to those sums, you must pay us \$100 per occurrence, plus the lesser of the daily equivalent of eighteen percent (18%) per year simple interest or the highest rate allowed by law. If no due date has been specified by us, then interest accrues from the original due date until payment is received in full.

13.6. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (“Account”) for: (i) all fees payable to us pursuant to this Franchise Agreement (other than the Initial Franchise Fee); (ii) any amounts

that you owe to us or any of our affiliates for the purchase of products or services; and (iii) any reimbursement amounts as set forth in Section 12.19. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to the Franchise Disclosure Document in Exhibit G. You must sign and deliver to us any other documents that we or your bank may require authorizing us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Hydrate IV Bar Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event, any excess amounts that you owe will be payable upon demand, together with a non-sufficient funds fee of the greater of \$50 per occurrence or the highest rate allowed by law, and any late charge imposed pursuant to Section 13.5. If you make any payment to us or our affiliate(s) by credit card for any fee required, you shall pay our then-current payment service fee (currently three percent (3%) of total charge). We reserve the right to charge a payment service fee of up to four percent (4%) of the total charge. We reserve the right to periodically specify (in the Franchise Brand Standards Manual or otherwise in writing) different required payment methods for any payment due to us or our affiliates.

13.7. Payment Frequency. We reserve the right to periodically specify (in the Franchise Brand Standards Manual or otherwise in writing) different payment frequencies (for example, weekly/biweekly/monthly payments) for any payment due to us or our affiliates.

13.8. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate. We will not be bound by any instructions for allocation you specify.

13.9. Payment Obligations. Your obligations to pay us the fees under this Franchise Agreement are absolute and unconditional, and will remain in full force and effect throughout the entire duration of this Franchise Agreement, and shall continue for such period of time thereafter as you owe us fees under this Franchise Agreement. You will have no right to offset any fees paid to us and must pay us all fees regardless of any claims you may have against us. We will have the right, at any time before or after termination of this Franchise Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Franchise Agreement or any other agreement, loan, transaction or relationship between the parties.

14. BRAND PROTECTION COVENANT.

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

14.2. Our Confidential Information. You will use the Confidential Information only in the operation of the Hydrate IV Bar Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Franchise Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Franchise Brand Standards Manual in a secure location. Access to Confidential Information must be limited to only your employees or independent contractors: (i) who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment, and (ii) who have first signed our System Protection Agreement or Confidentiality Agreement (the forms of which are attached to the Franchise Disclosure Document in Exhibit G). You will not copy or permit

copying of Confidential Information. Your obligations under this section begin when you sign this Franchise Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus three years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data that you collect, create, provide or otherwise develop (including, but not limited to, customer list and customer information) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Franchise Agreement and solely for your use in connection with the Hydrate IV Bar Business. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data, including, but not limited to, customer information resulting from a breach of such data caused, in whole or in part, by you.

The restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney, and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

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

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

14.5. Employees and Others Associated with You. Any Store Manager, Medical Director and, if you are an Entity, any officer that does not own equity in you must sign our System Protection Agreement, the form of which is attached to the Franchise Disclosure Document in Exhibit G before having access to Confidential Information. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Hydrate IV Bar Business who may have access to our Confidential Information, and who are not required to sign a System Protection Agreement, sign a Confidentiality Agreement, the form of which is attached to

the Franchise Disclosure Document in Exhibit G, before having access to our Confidential Information. You must sign all System Protection Agreements and Confidentiality Agreements and send them to us. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements and System Protection Agreements, and you must immediately notify us of any breach that comes to your attention. You agree to assist us and reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement or System Protection Agreement, including reasonable attorney fees and court costs.

14.6. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Franchise Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Hydrate franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Hydrate IV Bar Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Franchise Agreement. You and the Owners hereby waive any right to challenge the terms of this Section 14 as being overly broad, unreasonable or otherwise unenforceable.

14.7. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 14 will cause substantial and irreparable damage to us and/or other Hydrate franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 14 will entitle us to injunctive relief. We may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Franchise Agreement are exclusive of any other, but may be combined with others under this Franchise Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 14.

14.8. Ownership of Public Companies. Notwithstanding the provisions of this Section 14, you and the Owners will have the right to own up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Business; provided that such company has a class of securities that is publicly traded on a national exchange or quotation system and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

15. YOUR OTHER RESPONSIBILITIES.

15.1. Insurance. Before you attend initial training or your Hydrate IV Bar Business first opens for business, you must obtain insurance in the types and amounts specified herein. You will maintain all required insurance in force during the term of this Franchise Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Franchise Agreement.

We currently require you to maintain the following insurance coverages: (a) comprehensive general liability coverage against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Hydrate IV Bar Business or your conduct of business under the Franchise Agreement under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate; (b) business property



insurance at replacement cost; (c) business interruption and rent insurance for a period adequate to re-establish normal business operations, but not less than \$1,000,000 per occurrence; (d) an umbrella liability insurance policy with minimum liability coverage of \$2,000,000; (e) employer's liability of \$1,000,000 per incident and Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which the Hydrate IV Bar Business is located; (f) professional liability insurance of \$1,000,000 per occurrence and \$3,000,000 aggregate or at least the minimum amounts required by state law; and (g) any other insurance that we may require in the future or that may be required according to the terms of the lease for the Hydrate IV Bar Business.

Our insurance requirements are subject to change during the term of this Franchise Agreement, and you agree to comply with each such change. You agree to provide us a copy of your Certificate of Insurance or other proof of coverage prior to opening, within ten days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated "A" or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Hydrate IV Bar Business. All insurance policies (except for employment liability insurance policies) must be endorsed to: (i) name us (and our members, officers, directors and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30-days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur, plus a \$500 administrative surcharge.

15.2. Books and Records. You agree to prepare and maintain for at least seven years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Hydrate IV Bar Business. You must send us copies of your books and records within five days of our request.

15.3. Reports. You will prepare written periodic reports, in the forms that we require, containing the information we require about your operations during each reporting period. You will submit all required monthly reports to us within 10 days after the month to which they relate, and all other reports within the time period required by the Franchise Brand Standards Manual. We may modify the deadline days and times for submission of all reports. If you do not submit the reports to us within five days of the request, we will debit your Account a late fee of \$100 per occurrence and \$100 per week until you submit the required report. These fees will be payable to the Brand Fund or to us. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the Franchise Brand Standards Manual. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense, and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

15.4. Financial and Tax Statements. You will deliver monthly Financial Statements to us within 20 days after the end of each calendar month, which must be certified by you as complete and accurate. You must also prepare annual Financial Statements within 45 days after the end of your fiscal year. All Financial Statements must be in the form specified by us and must conform to our standard chart of accounts as prescribed by us. During the first year of operation, you must use an accepted accounting service to ensure your compliant preparation of required reports and financial statements. You must also provide us with complete signed copies of all state sales tax returns and state and federal income tax returns covering the operation of the Hydrate IV Bar Business within 30 days of filing. If you do not submit the Financial Statements or tax returns to us by the deadline, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit required Financial Statements or tax returns. These fees will be deposited into the Brand Fund or payable to us.

15.5. Legal Compliance. You are solely responsible for complying with all federal, state and local tax laws, agree to timely pay all applicable federal, state and local taxes, and timely file all returns, notices and other forms required to comply with all federal, state and local tax laws in connection with the operation of the Hydrate IV Bar Business. You will indemnify us for any taxes that arise out of or result from your operation of the Hydrate IV Bar Business. If any franchise, sales or other tax which is based upon the revenues, receipts, sales, business activities or operation of the Hydrate IV Bar Business is imposed on us by any taxing authority, you will reimburse us for all such taxes paid by us within 15 days of receiving an invoice from us for such taxes. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Hydrate IV Bar Business, and operate and manage your Hydrate IV Bar Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within three business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Hydrate IV Bar Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

You and the Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and the Owners certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and the owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, rules, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or the Owners, or any blocking of your or the Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

15.6. Photo/Video Release. You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands and causes of action which you may have in connection with this authorization.



15.7. Alcoholic Beverages. You may not serve any alcoholic beverages at the Wellness Spa without our prior written consent, which may be withheld in our sole discretion. If we allow you to sell/serve alcoholic beverages at the Wellness Spa, then you agree to comply with all applicable federal, state, municipal licensing, insurance and other laws, rules and regulations applicable to the sale of alcoholic beverages and to obtain the liquor liability insurance requirements set forth in the Franchise Brand Standards Manual.

16. INSPECTION AND AUDIT.

16.1. Inspections. To ensure compliance with this Franchise Agreement, we or our representatives will have the right to enter your Wellness Spa, evaluate your operations, and inspect or examine your books, records, accounts and tax returns. Our evaluation may include observing or participating during business hours. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Hydrate IV Bar Business, and you, your employees and independent contractors will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection. You agree to pay to us the reasonable costs we incur for conducting on-site inspections of your Wellness Spa if we determine that your operations have deviated from the System Standards or determine that you are in violation of this Franchise Agreement as a result of such inspection.

16.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Franchise Agreement; or (ii) reveals an understatement of any amount due to us by at least two percent (2%) in any month, in which case you agree to reimburse us for the cost of the audit and inspection, including, without limitation, any amount that you owe us, together with any related expenses and late fees payable pursuant to Section 13.5, and reasonable accounting and legal expenses and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten days after invoicing. We shall not be deemed to have waived our right to terminate this Franchise Agreement by accepting reimbursements of our audit costs.

17. INTELLECTUAL PROPERTY.

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

17.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Confidential Information. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We

will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

17.3. Use of Marks. You agree to use the Marks as the sole identification of your Hydrate IV Bar Business; provided, however, you must identify yourself as the independent owner of your Hydrate IV Bar Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you by this Franchise Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate, and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

17.4. Use of Confidential Information. We will disclose the Confidential Information to you in the initial training program, the Franchise Brand Standards Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Confidential Information other than the right to utilize it in strict accordance with the terms of this Franchise Agreement in the development and operation of your Hydrate IV Bar Business. You acknowledge that the Confidential Information is proprietary and is disclosed to you solely for use in the development and operation of your Hydrate IV Bar Business during the Term.

17.5. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation, or the products or services offered by a Hydrate IV Bar Business (collectively, “Improvements”), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Hydrate Franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Hydrate IV Bar Business.

17.6. Notification of Infringements and Claims. You must notify us as soon as possible, but no later than three business days of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

18. INDEMNITY. You and the Owners agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Hydrate IV Bar Business or any other use of the Hydrate IV Bar Business, including the preparation and sale of any product made in or sold from the Wellness Spa, or your performance and/or breach of any of your obligations under

this Franchise Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Franchise Agreement; (iii) any labor, employment or similar type of Claim pertaining to your employees or agents, including claims alleging that we are a joint employer of your employees; (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission, and the National Labor Relations Board; (v) your failure to pay the monies payable to any Indemnified Party pursuant to this Franchise Agreement, or to do and perform any other act, matter or thing required by this Franchise Agreement; or (vi) any action by an Indemnified Party to obtain performance by you of any act, matter or thing required by this Franchise Agreement. You and the Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (A) retain counsel of their own choosing to represent them with respect to any Claim; and (B) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You and the Owners agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorney fees, within ten days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorney fees.

19. TRANSFERS.

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

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

(i) you have provided us with written notice of the proposed Transfer at least 45 days prior to the transaction;

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

(iii) all of your monetary obligations to us have been paid in full and you and the Owners are in full compliance with the terms of this Franchise Agreement and all other agreements with us or our affiliate(s);

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

(v) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Territory;

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

(vii) the transferee and its owners sign our then-current form of franchise agreement and related documents, including, but limited to, our then-current form of Owners Agreement or other guaranty (unless we, in our sole discretion, instruct you to assign this Franchise Agreement to the transferee), except that: (a) the Term and successor term(s) shall be the Term and successor term(s) remaining under this Franchise Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(viii) you must remodel your Wellness Spa in accordance with Section 12.8 to comply with our then-current standards and specifications, or you obtain a written commitment from the transferee to do so;

(ix) you or the transferee pays us a transfer fee equal to twenty-five percent (25%) of our then-current initial franchise fee. You will pay the transfer fee to us as follows: (1) \$1,000 non-refundable deposit at the time of your transfer application request; and (2) the remaining balance shall be due at or before the time that you consummate the approved Transfer. In the event of the Franchisee's death, if a transfer of the deceased Owner is made to an immediate family member of Owner, the Transfer Fee will be waived;

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

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

(xii) we do not elect to exercise our right of first refusal described in Section 19.5;

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

(xiv) you must reimburse us for our costs that we incur as a result of the Transfer, including, but not limited to, attorney fees, broker fees, commissions or other placement fees.

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

19.3. Transfer to an Entity. If you are an individual or general partnership, you may transfer your ownership interests to an Entity provided that the Owner or Owners of the Entity are the same persons who signed this Franchise Agreement and comply with all conditions set forth in Section 19.2. Our right of first refusal in Section 19.5 will not apply for a Transfer conducted under this Section 19.3, and

you must reimburse us for all of our fees and costs, including attorney fees, associated with your Transfer to the Entity.

19.4. Death or Disability of an Owner. Upon the death or disability of an Owner, the Owner's ownership interest in you or the Hydrate Franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days of such Owner's death or disability, as the case may be. For purposes of this Section, an Owner is deemed to have a disability only if the person has a medical or mental illness, problem or incapacity that would prevent the person from substantially complying with his or her obligations under this Franchise Agreement or otherwise operating the Hydrate IV Bar Business in the manner required by this Franchise Agreement and the Franchise Brand Standards Manual for a continuous period of at least 90 consecutive calendar days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is disabled, the existence of disability will be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then (for the purpose of this Section 19.4) the person automatically will be considered disabled as of the date of refusal. Your estate or legal representative must apply to us for the right to Transfer to the next of kin within 120 calendar days after your or your Owner's death or disability. We may appoint an Interim Manager and charge you the applicable fee under Section 8.4 if the death or disability of any Owner or ownership interest in you or the Franchise has any impact on the Hydrate IV Bar Business.

19.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the Hydrate IV Bar Business. If we notify you that we intend to purchase the Hydrate IV Bar Business within such 30-day period, you or the Owner, as applicable, must sell the Hydrate IV Bar Business to us on the same terms as are contained in the offer that you received; provided that we may substitute cash for any non-cash form of payment proposed in the offer. We will have at least an additional 30 days to conduct a due diligence review and to prepare for closing. You agree to provide us with all information and records that we request concerning the Hydrate IV Bar Business, and we will have the absolute right to terminate the obligation to purchase the Hydrate IV Bar Business for any reason during the due diligence period. You and we will act in good faith to agree on the terms and conditions of the written offer, and closing will take place on the 61st day following receipt of your offer. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 19.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section.

20. TERMINATION.

20.1. By You. You may terminate this Franchise Agreement if you are in full compliance and we materially breach this Franchise Agreement and fail to cure the breach within 30 days after you send us a written notice specifying the nature of the breach. If you terminate this Franchise Agreement, you must still comply with your post-termination obligations described in Section 21 and all other obligations that survive the expiration or termination of this Franchise Agreement.

20.2. Termination by Us without Cure Period. We may, in our sole discretion, terminate this Franchise Agreement immediately upon written notice to you, without opportunity to cure,

for any of the following reasons, all of which constitute material events of default under this Franchise Agreement:

(i) If you (or your Designated Owner), Store Manager, Lead Nurse or Medical Director fails to satisfactorily complete the initial training program and you fail to appoint someone within 30 days that can;

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

(iii) if you fail to secure a fully executed lease and Lease Addendum within the time period required;

(iv) if you fail to open your Hydrate IV Bar Business within the time period required;

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

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

(vii) if you abandon or fail to operate your Hydrate IV Bar Business for three consecutive business days, unless the failure is due to an event of force majeure or another reason that we previously approved;

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

(ix) if you or an Owner: (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any crime which impairs the reputation of the System or the goodwill associated with the Marks; (b) is subject to any material administrative disciplinary action; or (c) fails to comply with any material federal, state or local law, rule or regulation applicable to your Hydrate IV Bar Business; or in the case of the same (a)-(c) herein for a Medical Director, that Medical Director who would then be terminated and he or she is not replaced within thirty (30) days; or in the case of (a)-(c) herein for an employee of the Owner and that person is not immediately terminated;

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

(xi) if you provide services outside your Territory without our prior written consent;



(xii) if your Medical Director resigns or is terminated and is not replaced with another medical director approved by us within the earlier of 30 days, or time frame required by local or state laws regulating your Wellness Spa;

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

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

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

(xvi) if you underreport any amount owed to us by at least two percent (2%), after having already committed a similar breach that had been cured;

(xvii) if you make an unauthorized Transfer;

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

(xix) if you breach any of the brand protection covenants;

(xx) if any Owner, or the spouse of any Owner, breaches an Owners Agreement;

(xxi) if you commit a default of any obligation under this Franchise Agreement and have previously received two or more written notices of default from us within the preceding 12 months, regardless of whether any default is cured;

(xxii) if the lease for your Wellness Spa is terminated due to your default;

(xxiii) if you are an Entity and you are dissolved;

(xxiv) if a final judgment against you in any amount we deem material (but in no event less than \$25,000) remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); or

(xxv) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

20.3. Additional Conditions of Termination. In addition to our termination rights in Section 20.2, we may, in our sole discretion, terminate this Franchise Agreement upon 15 days' written notice if you or an Owner fails to comply with any other provision of this Franchise Agreement (including failure to comply with any provision in the Franchise Brand Standards Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 15-day notice period. If we deliver a notice of default to you pursuant to this Section 20.3, we may suspend performance of any of our obligations under this Franchise Agreement until you fully cure the breach.

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

20.5. Liquidated Damages. Upon termination of this Franchise Agreement: (i) by us due to your material default of this Franchise Agreement; or (ii) following your purported termination

without cause, you agree to pay to us, within 15 days after the effective date of this Franchise Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalties and Brand Fund Contribution you paid during the 12 months of operation immediately preceding the effective date of termination (without regard to any fee waivers or other reductions) multiplied by: (a) 36; or (b) the number of months remaining in this Franchise Agreement had it not been terminated, whichever is less, but in no case will such damages be less than \$30,000.

You and we acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalties would have grown over what would have been this Franchise Agreement's remaining Term. You and we consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalties. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Franchise Agreement other than the Royalty section. You and each of the Owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the Royalty section.

21. POST-TERM OBLIGATIONS.

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

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in Section 14 that apply after the expiration, termination or Transfer of this Franchise Agreement or the disposal of an ownership interest by an Owner;
- (iv) return all copies of the Franchise Brand Standards Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a Hydrate IV Bar Business, unless we allow you to Transfer such items to an approved transferee;
- (v) return all copies of any software we license to you (and delete all such software from your computer memory and storage);
- (vi) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;
- (vii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your Hydrate Franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Hydrate IV Bar Business. If you fail to do so, you must pay us any expenses we incur to de-identify your Wellness Spa;

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

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

21.2. Right to Purchase.

21.2.1. Generally. Upon the termination or expiration of this Franchise Agreement, we shall have the right, but not the obligation, to purchase your Hydrate IV Bar Business and/or its assets at fair market value. If you and we are unable to agree upon a fair market value, the fair market value will be ascertained by an independent business appraiser according to the provisions of this Section 21.2 below. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of this Franchise Agreement (“Appraisal Date”) and, if we elect to make such purchase, we shall give you notice of our intent within 30 days following termination or expiration. We will notify you of the specific items that we wish to purchase (“Acquired Assets”). We may also require that you assign your lease to us at no additional charge.

21.2.2. Selecting Qualified Appraiser. You and we each shall agree on the appointment of an appraiser with experience appraising businesses comparable to your Hydrate IV Bar Business in the United States (a “Qualified Appraiser”). This appointment of the appraiser shall be made within 30 days after the Appraisal Date by agreeing in writing. If within this 30 day period, the parties fail to agree on a Qualified Appraiser, then a Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you.

21.2.3. Information for Appraisal. You must furnish to the Qualified Appraiser a copy of your current Financial Statements, as well as your Financial Statements for the prior three years (or the period of time that you have operated your Hydrate IV Bar Business, if less than three years), together with the work papers and other financial information or other documents or information that the Qualified Appraiser may request. The Qualified Appraiser shall take into account the other information and factors that he/she deems relevant. However, the Qualified Appraiser shall be instructed that the value of goodwill and of all Intellectual Property (all of which is owned by us and our affiliates) will be deducted from the determination of fair market value.

21.2.4. Appraisal Process. Within 60 days after the appointment the Qualified Appraiser, the Qualified Appraiser shall appraise the appraised assets at fair market value without taking into account any value for goodwill or Intellectual Property (the “Appraised Value”). The Qualified Appraiser shall issue a report and the Appraised Value shall be the value determined by the Qualified Appraiser. You and we shall equally bear the cost of the appraisal and the Qualified Appraiser.

21.2.5. Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary

representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Franchise Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

22. DISPUTE RESOLUTION.

22.1. Mandatory Mediation. Without limiting our rights and remedies under Section 20 and except as set forth in Section 22.3 below, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Franchise Agreement, or any of the parties' respective rights and obligations arising out of this Franchise Agreement, shall be submitted first to non-binding mediation prior to a hearing in binding arbitration. Such mediation shall take place in the city closest to our principal place of business (currently Denver, Colorado) under the auspices of the American Arbitration Association ("AAA"), or other mediation service acceptable to us in our sole discretion, in accordance with AAA's Commercial Mediation Procedures then in effect. You may not commence any action against us or our affiliates with respect to any such claim unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute.

22.2. Binding Arbitration. If the parties cannot fully resolve and settle a dispute through mediation as set forth in Section 22.1, all unresolved issues involved in the dispute shall be, at the request of either party, submitted to final and binding arbitration to be conducted in the city closest to our principal place of business (currently Denver, Colorado) by AAA (if AAA or any successor thereto is no longer in existence at the time arbitration is commenced or is no longer available for arbitration in such city, you and we will agree on another arbitration organization to conduct the arbitration proceeding), in accordance with AAA's Commercial Arbitration Rules and otherwise as set forth below on an individual basis (not a class action). In any arbitration proceeding, each party will submit or file any claim that would constitute a compulsory counterclaim as defined by the Federal Rules of Civil Procedure within the same proceeding as the claim it relates to. Any claim that is not submitted or filed as required is forever barred. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable:

(a) **Notice of Arbitration.** Either party may initiate the arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Franchise Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

(b) **Selection of Arbitrator.** Arbitration will be conducted before a single, neutral arbitrator who is familiar with legal disputes of the type at issue and who has franchise business or contract experience. The parties will mutually agree on the selection of the arbitrator;

however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request AAA or successor organization, to appoint a qualified arbitrator.

(c) Discovery. All discovery must be completed within 60 days following appointment of an arbitrator, unless otherwise agreed by the parties. Depositions will be limited to a maximum of five per party and will be held within 30 days after making a request. Additional depositions may be scheduled only with the permission of the arbitrator and for good cause shown. Each deposition will be limited to a maximum of six hours duration. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position.

(d) Statement of Case. At least five days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

(e) Arbitrator's Decision. The arbitrator will issue a written decision within ten days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Franchise Agreement, including monetary damages and interest on unpaid amounts from date due, specific performance, injunctive and declaratory relief, and legal fees and costs, but will not have any authority to amend or modify the terms of this Franchise Agreement or to assess exemplary or punitive damages. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable.

(f) Time Schedule. Any award will be made within nine months of the filing of the notice of intention to arbitrate and the arbitrator will agree to comply with this schedule before accepting appointment. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval.

(g) Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

(h) Confidentiality. Except as required by applicable law, including the required disclosure in our franchise disclosure document, the entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any

purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

(i) **Acknowledgement.** The parties acknowledge that nothing herein shall delay or otherwise limit our rights and remedies under Section 20 of this Franchise Agreement. A notice or request for arbitration or mediation will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination under this Franchise Agreement.

22.3. Disputes Not Subject to Mediation or Arbitration. Notwithstanding the foregoing, the following will not be subject to mediation or arbitration under Sections 22.1 or 22.2, and you or we may immediately file a lawsuit in accordance with this Section 22.3 with respect to any of the following:

(i) any action that involves an alleged breach of any restrictive covenant under Section 14;

(ii) any action petitioning specific performance to enforce your use of the Marks or the System or to prevent unauthorized duplication of the Marks or the System;

(iii) any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, or other relief in the nature of equity, including an action to enjoin an alleged violation or harm (or imminent risk of violation or harm) to any of our rights in the Intellectual Property, Copyrighted Works, Marks, the System, or in any of our specialized training, trade secrets, or other Confidential Information, brought at any time, including prior to or during the pendency of any mediation or arbitration proceedings under Sections 22.1 or 22.2; or

(iv) any action seeking compliance with post-termination obligations set forth in Section 21; or

(v) any action in ejectment or for possession of any interest in real or personal property.

22.4 Venue. All disputes and claims must be mediated, arbitrated and, if applicable, litigated in the principal city closest to our principal place of business (currently Denver, Colorado); provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Hydrate IV Bar Business is or was located or where any of your owners lives for those claims brought in accordance with Section 22.3. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Franchise Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto.

22.5. Fees and Costs. If we or you must enforce this Franchise Agreement in an arbitration or judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable fees for accountants, attorneys, and expert witnesses, costs of investigations and proof of facts, court costs, travel and living expenses, and other dispute-related expenses. In addition, if you breach any term of this Franchise Agreement or any other agreement with us or an

affiliate of ours, you agree to reimburse us for all reasonable attorneys' fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has substantially prevailed over the other party using reasonable business and arbitrator's judgment. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with this Section 22.5. If either party commences any legal action or proceeding in any court in contravention of the terms of this Section, that party shall pay all costs and expense that the other party incurs in the action or proceeding, including, without limitation, costs and attorneys' fees as described in this Section 22.5.

22.6. JURY TRIAL & CLASS ACTION WAIVER. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

22.7. Survival. We and you (and the Owners) agree that the provisions of this Section 22 shall apply during the term of this Franchise Agreement and following the termination, expiration or non-renewal of this Franchise Agreement. We and you agree to fully perform all obligations under this Franchise Agreement during the entire mediation, arbitration or litigation process.

23. SECURITY INTEREST.

23.1. Collateral. You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage and realty (including your interests under all real property and personal property leases) of the Hydrate IV Bar Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds and products thereof, wherever located, used in connection with the Hydrate IV Bar Business. All items in which a security interest is granted are referred to as the collateral ("Collateral").

23.2. Indebtedness Secured. The Security Interest is to secure payment of the following (the "Indebtedness"):

- (i) All amounts due under this Franchise Agreement or otherwise by you;
- (ii) All sums which we may, at our option, expend or advance for the maintenance, preservation and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (iii) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Franchise Agreement; and
- (iv) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations and indebtedness of you to us or third parties under this Franchise Agreement, however created, and specifically including all or part of any renewal or extension of this Franchise Agreement, whether or not you execute any extension agreement or Successor Agreement.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Hydrate IV Bar Business, including, but not limited to, a real property mortgage and equipment leases.

23.3. Additional Documents. You will, from time to time as required by us, join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions or modifications thereof) in form satisfactory to us.

23.4. Possession of Collateral. Upon default and termination of your rights under this Franchise Agreement, we shall have the immediate right to possession and use of the Collateral.

23.5. Our Remedies in Event of Default. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Colorado (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

23.6. Special Filing as Financing Statement. This Franchise Agreement shall be deemed a Security Agreement and a Financing Statement. This Franchise Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE HYDRATE IV BAR BUSINESS CONTEMPLATED BY THIS FRANCHISE AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE HYDRATE IV BAR BUSINESS CONTEMPLATED BY THIS FRANCHISE AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS FRANCHISE AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE HYDRATE IV BAR BUSINESS CONTEMPLATED BY THIS FRANCHISE AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND

JUDGMENTS, AND THE ABILITIES, EFFORTS AND SERVICES OF YOU AND THOSE YOU EMPLOY.

25. GENERAL PROVISIONS.

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

25.2. Relationship of the Parties. You are an independent contractor. You will exercise full and complete control over, and have full responsibility for, all of your contracts, daily operations, labor relations, employment practices and policies, including the recruitment, selection, hiring, disciplining, firing, training, compensation, work rules and schedules of your employees and independent contractors. You will direct when, where or how the work is done in the operation of your Hydrate IV Bar Business. We do not insist on particular individuals performing certain work in the Hydrate IV Bar Business; you are free to assign work and roles to anyone you identify as competent and capable of performing such work. We will not assist you in hiring, supervising or paying any of your workers or such worker's assistants. You are responsible for determining the hours or days your employees and independent contractors work for your Hydrate IV Bar Business, including whether your employees and independent contractors work in full-time or part-time capacities. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers' compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. At all times, including in connection with all uses of any of the Marks, in connection with the operation of the Hydrate IV Bar Business, and in connection with all dealings with customers, suppliers, public officials, the general public and others, you will conspicuously indicate your status as an independent contractor, including in all contracts, advertising, publicity, promotional and other marketing materials, and on any signage and uniforms, and in the manner specified in the Franchise Brand Standards Manual or as we otherwise may require. You will not make any express or implied agreements, guarantees or representations, or incur any debt in our name or on our behalf. You will not represent that the relationship between you and us is anything other than a franchise relationship. We will not be obligated by or have any liability under any agreements or representations made by you, and we will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Hydrate IV Bar Business.

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

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

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

25.6. Force Majeure. No party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is due to Force Majeure. In the event of Force Majeure, the parties shall be relieved of their respective obligations only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Franchise Agreement, the term “Force Majeure” shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party’s control and cannot be overcome by use of normal commercial measures. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. Any delay resulting from an event of Force Majeure will extend performance accordingly or excuse performance (other than payment of money), in whole or in part, only as may be reasonable under the circumstances. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by thirty (30) days prior written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

If, as a result of an event of Force Majeure, you cease to operate the Wellness Spa or lose the right to possession of the Wellness Spa premises (for example, as a result of condemnation proceedings), you shall apply, within 30 days after the event of Force Majeure, for our approval to re-open, relocate and/or reconstruct the Wellness Spa. If relocation is necessary, we agree to use our reasonable efforts to assist you in locating an alternative site in the same general area where you can operate a Wellness Spa within the System for the balance of the Term of this Franchise Agreement. If we assist you, you shall reimburse us for our reasonable out-of-pocket expenses incurred as a result thereof. This provision shall not be construed to prevent you from receiving the full amount of any condemnation award of damages relating to the closing of the Wellness Spa; provided, however, that if we or any of our affiliates is the lessor of the Wellness Spa premises, you specifically waive and release any claim you may have for the value of any building, fixtures and other improvements on the premises, whether or not installed or paid for by you, and you agree to subordinate any claim you may have to our claim for such Improvements. Selection of an alternative location will be subject to the site approval procedures set forth in Section 7.1 of this Franchise Agreement. Once you have obtained our approval to relocate and/or reconstruct the Wellness Spa, you must diligently pursue relocation and/or reconstruction until the Wellness Spa is reopened for business.

25.7. You May Not Withhold Payments. You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Royalty, Brand Fund Contribution, amounts due to us for purchases by you or any other amounts due to us.

25.8. Binding Effect. This Franchise Agreement is binding upon the parties to this Franchise Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Franchise Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement; provided, however, that the additional insureds listed in Section 15.1 and the Indemnified Parties are intended third party beneficiaries under this Franchise Agreement with respect to Section 18.

25.9. Integration. This Franchise Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Franchise Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Franchise Agreement. The attachment(s) are part of this Franchise Agreement, which, together with any amendments or addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Franchise Agreement. As referenced above, all mandatory provisions of the Franchise Brand Standards Manual are part of this Franchise Agreement; however, notwithstanding the forgoing, we may modify the Franchise Brand Standards Manual at any time. Any representations not specifically contained in this Franchise Agreement made before entering into this Franchise Agreement do not survive after the signing of this Franchise Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Franchise Agreement, would affect the economic terms of this bargain. Nothing in this Franchise Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

25.10. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and

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

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

25.12. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Franchise Agreement (or the Transfer of an ownership interest in the Hydrate Franchise) shall continue in full force and effect, subsequent to and notwithstanding its termination, expiration or Transfer, and until they are satisfied in full or by their nature expire, including, without limitation, Section 7, Section 13, Section 14, Section 18, Section 21, Section 22, Section 23 and Section 25.

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

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

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

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

You: As set forth on Attachment B

Us: KCA Holdings LLC
753 S. University Blvd.
Denver, CO 80209

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

(Signature Page Follows)

The parties to this Franchise Agreement have executed this Franchise Agreement effective as of the Effective Date set forth in Attachment B.

FRANCHISOR:

KCA HOLDINGS LLC
a Colorado limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE ENTITY]
[a(n) Franchisee Entity State of
Formation/Incorporation] [franchisee entity
type]

By: _____

Printed Name: _____

Title: _____

ATTACHMENT “A” TO THE HYDRATE FRANCHISE AGREEMENT

DEFINITIONS

“**Anti-Terrorism Laws**” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, rules, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

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

“**Competitive Business**” means any business where the services and/or products provided consist of providing intravenous solutions and/or other services then provided at the Wellness Spa.

“**Confidential Information**” means all of our (and our affiliates’) trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Hydrate IV Bar Business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System, the Franchise Brand Standards Manual, written directives and all drawings, equipment, computer and point-of-sale programs (and output from such programs), and any other information, know-how, techniques, proprietary formulas, material and data imparted or made available by us to you.

“**Confidentiality Agreement**” means our form of Confidentiality Agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit G.

“**Copyrights**” means all works and materials for which we or our affiliates have secured common law or registered copyright protection and that we allow Hydrate franchisees to use, sell or display in connection with the marketing and/or operation of a Hydrate IV Bar Business, whether now in existence or created in the future.

“**Crisis Management Event**” means any event that occurs at the Wellness Spa that has or may cause harm or injury to customers or employees, such as contamination/spoilage/poisoning/tampering/sabotage of any of the IV solution or equipment, contagious diseases, natural disasters, terrorist acts, shootings or any other circumstance which may damage the System, Marks or image or reputation of the Hydrate IV Bar Business or us or our affiliates.

“**Effective Date**” is listed in Attachment B.

“**Entity**” means a corporation, partnership, limited liability company or other form of association.

“**Financial Statements**” means a balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

“**Franchise**” means the right granted to you by us to use the System and the Marks.

“**General Release**” means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees,

in both their corporate and individual capacities. A copy of our General Release is attached to the Franchise Disclosure Document in Exhibit G.

“Gross Revenue” means the aggregate amount of all sales of services and products, and the aggregate of all charges for services performed and products provided (including service charges in lieu of gratuity), including all membership fees, dues and charges, whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Hydrate IV Bar Business, including all Mobile Services. Gross Revenue also includes all income, revenues, consideration, or receipts of any kind derived from the operation of the Hydrate IV Bar Business, including all services and products provided as a direct or indirect consequence of use of Franchisor’s Marks or any aspect of the System, and including all proceeds from any business interruption insurance. Gross Revenue does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by you. Gross Revenue shall not be modified for uncollected accounts. For purposes of the Royalty, the sale is deemed made at the earlier of delivery of service or product, or receipt of payment. All barter or exchange transactions in which you furnish products or services in exchange for goods or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Revenue, be valued at the full retail value of the goods or services so provided to you.

“Hydrate IV Bar Business” is defined in Section 2.

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

“Intellectual Property” means, collectively or individually, our (and our affiliates’) Marks, Copyrights, Confidential Information, System and Improvements.

“Marks” means the logotypes, service marks, trademarks and trade names now or hereafter involved in the operation of a Hydrate IV Bar Business, including “Hydrate IV Bar” and any other logotypes, trademarks, service marks or trade names that we designate for use in a Hydrate IV Bar Business.

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

“Non-Traditional Location” means a location other than a standard brick and mortar retail location and shall include (but not be limited to) an airport, train station or other travel station, hotels and motels, convention center, sports arena or stadium, theater, colleges, universities or other schools, amusement parks and all properties controlled by the amusement park, ships, ports, piers, casinos, theatres, big box retailers, military and other governmental facilities, office facilities, shopping malls, grocery stores, outlet malls, supermarkets and convenience stores, and other premises of another business or similar venue.

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

“Owners Agreement” is defined in the third Introductory Paragraph.



“Post-Term Restricted Period” means, with respect to you, a period of two years after the termination, expiration or Transfer of this Franchise Agreement. Post-Term Restricted Period means, with respect to an Owner, a period of two years after the earlier to occur of: (i) the termination, expiration or Transfer of this Franchise Agreement; or (ii) the Owner’s Transfer of his or her entire ownership interest in the Hydrate Franchise or the Entity that is the franchisee, as applicable. If a court of competent jurisdiction determines that the two-year Post-Term Restricted period is too long to be enforceable with respect to you and/or an Owner, then the Post-Term Restricted Period means a period of one year after the termination, expiration or Transfer of this Franchise Agreement with respect to you and/or such Owner.

“Restricted Territory” means the geographic area within: (i) a 25-mile radius from your Wellness Spa; and (ii) a 25-mile radius from all other Wellness Spas that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the Restricted Territory means the geographic area within a 25-mile radius from your Wellness Spa and all other Wellness Spas that are operating or under construction as of the Effective Date.

“System” means our proprietary System for the operation of a Hydrate IV Bar business that provides IV hydration therapy, intermuscular subcutaneous injections and injectable vitamins administered intravenously in a restorative spa-like atmosphere for wellness, recovery and beauty, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs and products, confidential Franchise Brand Standards Manual and operating System.

“System Protection Agreement” means our form of system protection agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit G.

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

“We,” “us,” or “our” is defined in the Introductory Paragraph.

“You” or “your” is defined in the Introductory Paragraph.

ATTACHMENT “B” TO THE HYDRATE FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date.** The Effective Date of the Franchise Agreement is: _____, 20____.
2. **Franchisee.** The franchisee identified in the introductory paragraph of the Franchise Agreement is: _____.
3. **Initial Franchise Fee.** The Initial Franchise Fee as described in Section 13.1 of the Franchise Agreement shall be as follows (select one):

_____ \$45,000 for a single Franchise*

_____ \$_____ for a Multi-Unit Franchise (select one)*:

_____ SMALL MULTI (if you are developing 2-5 Franchises). The Initial Franchise Fee shall be calculated as the sum of \$45,000 for the first Franchise, plus \$40,000 for each additional Franchise.

_____ LARGE MULTI (if you are developing 6-10 Franchises). The Initial Franchise Fee shall be calculated as the sum of \$45,000 for the first Franchise, plus \$35,000 for each additional Franchise.

You shall have the right to open and operate up to _____ (total number) of Hydrate IV Bar Businesses. You shall sign a Multi-Franchise Addendum. You are not granted a development territory or any territorial or other rights except those granted under this Franchise Agreement or any franchise agreements for additional Hydrate IV Bar Businesses.

_____ No Initial Franchise is due. Please check one of the following:

_____ this Franchise Agreement is being signed as a Successor Franchise Agreement or as a result of a Transfer.

_____ This an additional Franchise Agreement being signed under a previously signed a Multi-Franchise Addendum.

* Qualified veterans of the U.S. Armed Forces or qualified first responders may be subject to a one-time \$5,000 discount off the Initial Franchise Fee for their first Franchise only, subject to terms and conditions set forth in our Franchise Disclosure Document (certain limitations apply; discounts cannot be combined).

4. **Notice Address.** Franchisee’s address for notices as set forth in Section 25.16 of the Franchise Agreement shall be as follows:

Attn: _____



5. **Wellness Spa Location; Territory.** If a particular site for the Wellness Spa has been selected and approved at the time of the signing of this Franchise Agreement, it shall be entered in Attachment B-1 as the Wellness Spa location, and the Territory shall be as listed in Attachment B-1. If a particular site has not been selected and approved at the time of the signing of this Franchise Agreement, Section 5 of this Attachment B will describe the location in general terms below in the “General Description.” The General Description does not confer any territory rights to you and is only used for a reference. We may sell other franchised locations in the area in the General Description. After we have approved a location for your Wellness Spa, we will complete the Wellness Spa location and the Territory in Attachment B-1. As the Territory is dependent on the location of the Wellness Spa, we will present you with the Territory upon the identification of the site for the Wellness Spa. If you do not wish to accept the Territory, you may choose another site location and we will present you with another Territory.

6. **General Description of Area For Wellness Spa Location** (If your Wellness Spa’s location is not specified above as of the signing of the Franchise Agreement):
_____.

FRANCHISOR:

KCA HOLDINGS LLC
A Colorado limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE ENTITY]
[a(n) Franchisee Entity State of
Formation/Incorporation] [franchisee entity
type]

By: _____

Printed Name: _____

Title: _____

ATTACHMENT B-1 TO THE HYDRATE FRANCHISE AGREEMENT

You have received approval for site location for the Wellness Spa that satisfies the demographics and location requirements minimally necessary for a Wellness Spa and that meets our minimum current standards and specifications for the buildout, interior design, layout, floor plan, signs, designs, color and décor of a Wellness Spa. We and you have mutually agreed upon a Territory based on the site for the Wellness Spa which is indicated below. You acknowledge that the Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Location for Wellness Spa:

The location for your Wellness Spa as provided in Section 7.1 of the Franchise Agreement is:

Territory:

The Territory as provided in Section 3 of the Franchise Agreement is (if you have selected a Non-Traditional Location, this will say “Non-Traditional Location, no Territory”):

FRANCHISOR:

KCA HOLDINGS LLC
A Colorado limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE ENTITY]
[a(n) Franchisee Entity State of
Formation/Incorporation] [franchisee entity
type]

By: _____

Printed Name: _____

Title: _____



ATTACHMENT “C” TO THE HYDRATE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

**Form of Ownership
(Check One)**

Individual **Partnership** **Corporation** **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners*:

Name	Address	Percentage Owned

***If any members, stockholders, or partners are entities, please list the owners of such entities up through the individuals.**



Identification of Designated Owner. Your Designated Owner as of the Effective Date is _____
_____. You may not change the Designated
Owner without prior written approval.

Identification of Store Manager. Your Store Manager, if applicable, as of the Effective Date is _____
_____. You may not change the Store Manager
without prior written approval.

Identification of Medical Director. Your Medical Director, if applicable, as of the Effective Date is _____
_____. You may not change the
Medical Director without prior written approval.

Identification of Lead Nurse. Your Lead Nurse, if applicable, as of the Effective Date is _____
_____. You may not change the Lead Nurse
without prior written approval.

This form is current and complete as of _____, 20____.

FRANCHISEE:

[FRANCHISEE ENTITY]

[a(n) Franchisee Entity State of
Formation/Incorporation] [franchisee entity
type]

Date: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT “D” TO THE HYDRATE FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by KCA Holdings LLC (“we” or “us”) of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a Hydrate IV Bar business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise

any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

KCA Holdings, LLC
753 S. University Blvd.
Denver, CO 80209

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may

deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

SPOUSES:

[Insert Name and Address of Owner]

[Insert Name and Address of Spouse]

[Insert Name and Address of Owner]

[Insert Name and Address of Spouse]

[Insert Name and Address of Owner]

[Insert Name and Address of Spouse]

[Insert Name and Address of Owner]

[Insert Name and Address of Spouse]

KCA Holdings LLC hereby accepts the agreements of the Owner(s) hereunder.

KCA HOLDINGS LLC
a Colorado limited liability company

By: _____

Printed Name: _____

Title: _____



EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2022:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Charles Ramsing Kimble	Brendan Blair Michelle	Blendan, LLC	222 Linden St	Fort Collins	CO	80524	970-672-8433	brendan@hydrateivbar.com blair@hydrateivbar.com michelle@hydrateivbar.com
Charles Ramsing Kimble	Brendan Blair Michelle	Blendan Texas, LLC	5331 E. Mockingbird Lane	Dallas	TX	75206	970-672-8433	brendan@hydrateivbar.com blair@hydrateivbar.com michelle@hydrateivbar.com
Withycombe Butterfield Butterfield	Danielle Mary Stephen	Desert Hydrate - Arcadia, LLC	3925 E Camelback Rd	Phoenix	AZ	85018	602-840-4477	danielle@hydrateivbar.com mary@hydrateivbar.com stephen@hydrateivbar.com
Withycombe Butterfield Butterfield	Danielle Mary Stephen	Desert Hydrate - Scottsdale LLC	15425 North Scottsdale Road, Suite 130	Scottsdale	AZ	85254	602-840-4477	danielle@hydrateivbar.com mary@hydrateivbar.com stephen@hydrateivbar.com
Withycombe Butterfield Butterfield	Danielle Mary Stephen	Desert Hydrate - Flagstaff LLC	601 E. Piccadilly Drive, Suite 20	Flagstaff	AZ	86001	602-840-4477	danielle@hydrateivbar.com mary@hydrateivbar.com stephen@hydrateivbar.com

Franchisees with Unopened Outlets as of December 31, 2022:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Hackney Pingley	Jessica Don	IV Wellness LLC	9245 S. BROADWAY, #60	Highlands Ranch	CO	80129	720-766-8765	jessicah@hydrateivbar.com don@hydrateivbar.com
Hackney Pingley	Jessica Don	IV Wellness I, LLC	Castle Rock, CO [Location TBD]				312-813-5348	jessicah@hydrateivbar.com don@hydrateivbar.com
Patel	Hamenti	Illuminate PLLC	N. Fort Worth, TX [Location TBD]				248-231-1009	hamentip@hydrateivbar.com
Poel	Kevin & Nicole	Powerpoel LLC	Westminster, CO [Location TBD]				505-859-0201	nicolep@hydrateivbar.com kevinp@hydrateivbar.com

Former Franchisees:

The name and last known address of every franchisee who had a Hydrate Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the issuance date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None



EXHIBIT E

**STATE ADDENDA
AND AGREEMENT RIDERS**

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR KCA HOLDINGS LLC

The following modifications are made to the KCA Holdings LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20__ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Colorado. When the term “**Supplemental Agreements**” is used, it means None.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

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

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Colorado. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the laws of the State of Colorado. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed 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.



California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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

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.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT,

TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates".
2. States which have refused, by order or otherwise, to register these Franchises are:

None
3. States which have revoked or suspended the right to offer the Franchises are:

None
4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by



providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to KCA Holdings LLC, 753 S. University Blvd., Denver, CO 80209, or send a fax to KCA Holdings LLC at 303-484-4246 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state: "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise."



Representations in the Franchise Agreement and Supplemental Agreements 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.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that 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.

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

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this Act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:



1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 13.6 of the Franchise Agreement are hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

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

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 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 ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for Franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for Franchisor approval of transfer**":

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of Forum**”, and Item 17(w), titled “**Choice of Law**”:

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

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 14 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the first business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to KCA Holdings LLC, 753 S. University Blvd., Denver, CO 80209, or send a fax to KCA Holdings LLC at 303-484-4246 not later than midnight of the first business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

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.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.



SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for KCA Holdings LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

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

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

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

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

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

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

RCW 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.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | | | | |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii | <input type="checkbox"/> | Minnesota | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois | <input type="checkbox"/> | New York | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Iowa | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington |
| <input type="checkbox"/> | Indiana | <input type="checkbox"/> | Ohio | <input type="checkbox"/> | Wisconsin |
| <input type="checkbox"/> | Maryland | | | | |

Dated: _____, 20____

FRANCHISOR:

KCA HOLDINGS LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 050918



EXHIBIT F

**FRANCHISE BRAND STANDARDS MANUAL
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Total Pages	68

EXHIBIT G

CONTRACTS FOR USE WITH THE HYDRATE IV BAR FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Hydrate IV Bar Business. The following are the forms of contracts that KCA Holdings LLC uses as of the issuance date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT G-1

HYDRATE IV BAR FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (“Release”) is made as of _____, 20__ by _____, a(n) _____ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of KCA Holdings LLC, a Colorado limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Hydrate IV Bar business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

WHEREAS, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

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

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

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

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

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

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

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

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

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

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

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

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

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

(Signatures on following page)

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

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 012021

EXHIBIT G-2

HYDRATE IV BAR FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) and _____ [Franchisee] (“us”, “we” or “our”), upon the terms and conditions set forth in this Agreement.

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

“*Competitive Business*” means any business where the services and/or products provided consist of providing intravenous solutions and/or other services then provided at the Wellness Spa.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Hydrate IV Bar business or the solicitation or offer of a Hydrate IV Bar franchise, whether now in existence or created in the future.

“*Franchisee*” means the Hydrate IV Bar franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Hydrate IV Bar business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Hydrate IV Bar business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Hydrate IV Bar business, including “HYDRATE IV BAR,” and any other trademarks, service marks, or trade names that we designate for use by a Hydrate IV Bar business. The term “Marks” also includes any distinctive trade dress used to identify a Hydrate IV Bar business, whether now in existence or hereafter created.

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

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s Hydrate IV Bar business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one year period after you cease to be a manager or officer of Franchisee’s Hydrate IV Bar business.



“*Restricted Territory*” means the geographic area within: (i) a 25-mile radius from Franchisee’s Hydrate IV Bar business (and including the premises of the approved location of Franchisee); and (ii) a 25-mile radius from all other Hydrate IV Bar businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 12.5-mile radius from Franchisee’s Hydrate IV Bar business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a Hydrate IV Bar business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Hydrate IV Bar business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Hydrate IV Bar business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Hydrate IV Bar business by engaging in any Prohibited Activities.

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

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited

Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

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

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

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

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

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

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

e. You and we both acknowledge and agree that KCA Holdings LLC, a Colorado limited liability company ("KCA"), and its successors and assigns are intended third-party beneficiaries to this Agreement with a direct right of enforcement. All rights and remedies we have under this Agreement, shall

be the same rights and remedies that KCA shall be entitled to enforce, including without limitation, as set forth in Section 8 and 9(a) above.

EXECUTED on the date stated below.

Franchisee, _____

Date _____

Signature _____

Typed or Printed Name _____

“YOU” (Manager or Officer of Franchisee)

Date _____

Signature _____

Typed or Printed Name _____

Rev. 120619

EXHIBIT G-3

HYDRATE IV BAR FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) and _____[Franchisee] (“us”), upon the terms and conditions set forth in this Agreement.

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

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Hydrate IV Bar franchisees to use, sell, or display in connection with the marketing and/or operation of a Hydrate IV Bar business, whether now in existence or created in the future.

“*Hydrate IV Bar business*” means a business that provides intravenous (“IV”) hydration therapy, intramuscular subcutaneous injections and injectable vitamins administered intravenously in a restorative spa-like atmosphere for wellness, recovery and beauty, and other related products and services using our Intellectual Property.

“*Franchisee*” means the Hydrate IV Bar franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Hydrate IV Bar business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Hydrate IV Bar business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Hydrate IV Bar business, including “HYDRATE IV BAR” and any other trademarks, service marks, or trade names that we designate for use by a Hydrate IV Bar business. The term “Marks” also includes any distinctive trade dress used to identify a Hydrate IV Bar business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a Hydrate IV Bar business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.



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

The Intellectual Property is and shall continue to be the sole property of KCA Holdings LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

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

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

7. Miscellaneous.

a. Although this Agreement is entered into in favor of KCA Holdings LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative,



or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

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

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

e. You and we both acknowledge and agree that KCA Holdings LLC, a Colorado limited liability company (“KCA”), and its successors and assigns are intended third-party beneficiaries to this Agreement with a direct right of enforcement. All rights and remedies we have under this Agreement, shall be the same rights and remedies that KCA shall be entitled to enforce, including without limitation, as set forth in Section 6 and 7(b) above.

EXECUTED on the date stated below.

Franchisee, _____

Date _____

Signature

Typed or Printed Name

“YOU” (Manager or Officer of Franchisee)

Date _____

Signature

Typed or Printed Name

Rev. 032916



EXHIBIT G-4

SAMPLE AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

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

Signature: _____ Date: _____
Printed Name: _____
Its: _____

Federal Tax ID Number: _____

Rev. 032916

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



EXHIBIT G-5

HYDRATE IV BAR FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between KCA Holdings LLC, (“**Franchisor**”), a Colorado limited liability company, _____ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and _____, a [State] [corporation/limited liability company] (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Hydrate IV Bar franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New



Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Hydrate IV Bar franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

KCA HOLDINGS LLC

By: _____

Printed Name: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

NEW FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Rev. 031821

EXHIBIT G-6

HYDRATE IV BAR FRANCHISE

LEASE ADDENDUM

This Addendum to Lease (“**Addendum**”), dated _____, 20____, is entered into by and between _____ (“**Landlord**”), _____ (“**Tenant**”) and KCA Holdings LLC (“**Franchisor**”), collectively referred to herein as the “**Parties**”.

A. Landlord and Tenant have entered into a certain Lease Agreement dated _____, 20____, and pertaining to the premises located at _____ (“**Lease**”).

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant’s use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business (“**Franchise Assignee**”) at any time during the term of the Lease, including any extensions or renewals thereof. If Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant’s cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant’s rights granted in the Lease including without limitation: (x) any



grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

KCA Holdings LLC
753 S. University Blvd.
Denver, CO 80209

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.



6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor’s approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LANDLORD:

TENANT:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

FRANCHISOR:

By: _____

Printed Name: _____

Title: _____

Rev. 112619



EXHIBIT G-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ___ day of _____, 20___ (“**Effective Date**”), the undersigned, _____ (“**Assignor**”) hereby assigns, transfers and sets over unto _____ (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at _____.
This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Printed Name _____

Its: _____

ASSIGNEE:

By: _____

Printed Name _____

Its: _____

Rev. 112619

EXHIBIT G-7

HYDRATE IV BAR FRANCHISE

MULTI-FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (“Addendum”) is entered into and made effective as of the date set forth on the signature page hereof, by and between KCA Holdings LLC (“Franchisor”) and the franchisee named on the signature page of this Addendum (“Franchisee”). This Addendum relates to that certain Hydrate IV Bar franchise agreement dated _____, 20__ (“Franchise Agreement”), and supplements the terms of the Franchise Agreement in relation to the opening of additional Hydrate IV Bar franchises. All capitalized terms not otherwise defined in this Addendum shall have the meaning set forth in the Franchise Agreement. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum shall control.

1. Initial Franchise Fee. Franchisee has paid the initial franchise fee listed in Section 2 of this Addendum. The initial franchise fee is fully earned immediately upon receipt and non-refundable, regardless of whether Franchisee opens any additional Hydrate IV Bar franchises.

2. Type of Franchise. Franchisee has purchased the franchise listed in the chart below, which allows Franchisee to open a certain number of additional Hydrate IV Bar franchises at a later date (“Additional Franchises”) without paying an initial franchise fee.

Type of Franchise	Number of Hydrate Bar Businesses	Initial Franchise Fee
Small Multi Franchise (3-9 Hydrate IV Bar Businesses)	_____	\$ _____
Large Multi Franchise (10 or more Hydrate IV Bar Businesses)	_____	\$ _____

3. Franchise Agreement. Franchisee shall exercise the rights under this Addendum only by entering into a separate franchise agreement with Franchisor for each Additional Franchise. Franchisee shall sign the current form of Hydrate IV Bar franchise agreement then being used by Franchisor for a Hydrate IV Bar franchise for each Additional Franchise. Franchisee acknowledges that the then-current form of franchise agreement may differ from this Franchise Agreement, except that Franchisee will not be required to pay an initial franchise fee.

4. Limited Rights. This Addendum does not grant Franchisee the right to franchise, license, subfranchise, or sublicense others to operate Hydrate IV Bar Businesses. Only Franchisee (and/or Franchisee-affiliated entities Franchisor approves) may develop, open, and operate Additional Franchises pursuant to this Addendum. This Addendum only grants Franchisee the right to enter into franchise agreements to open Additional Franchises subject to the terms of the franchise agreement for such Additional Franchises. Franchisee is not granted any territorial rights or other rights except those granted under the franchise agreement for the Additional Franchises. Except for the initial franchise fee, Franchisee shall be liable for all costs and expenses incurred in opening the Additional Franchises.



5. Term. This Addendum and Franchisee's right to open Additional Franchises shall terminate as of the date of termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

FRANCHISOR:

KCA Holdings LLC
A Colorado limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

a(n) _____

By: _____

Name: _____

Title: _____

EXHIBIT H

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, KCA Holdings LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Hydrate IV Bar franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1. Yes__ No__ Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?

2. Yes__ No__ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?

3. Yes__ No__ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes__ No__ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?

5. Yes__ No__ Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?

6. Yes__ No__ Have you had the opportunity to discuss the benefits and risks of developing and operating a Hydrate IV Bar franchise with an existing Hydrate IV Bar franchisee?

7. Yes__ No__ Do you understand the risks of developing and operating a Hydrate IV Bar franchise?

8. Yes__ No__ Do you understand the success or failure of your Hydrate IV Bar franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?

9. Yes__ No__ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Colorado, if not resolved informally or by mediation (subject to state law)?

10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Hydrate IV Bar franchise to open or consent to a transfer of the Hydrate IV Bar franchise to you?

11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Hydrate IV Bar franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Hydrate IV Bar franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes__ No__ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Hydrate IV Bar franchise?
15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

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

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date

Date



EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 121720

EXHIBIT I

STATE EFFECTIVE DATES

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:

None of the states listed above

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

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If KCA Holdings 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.

Under Iowa law, if applicable, KCA Holdings LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires KCA Holdings LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If KCA Holdings 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 name, principal business address, and telephone number of each franchise seller offering the franchise is:
Katie Wafer Gillberg, 753 S. University Blvd., Denver, CO 80209, 303-209-0989
Amy Dickerson, 753 S. University Blvd., Denver, CO 80209, 303-209-0989
Chad Grote, 753 S. University Blvd., Denver, CO 80209, 303-209-0989

Issuance Date: May 1, 2023

I received a disclosure document issued May 1, 2023 which included the following exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D List of Current and Former Franchisees
- Exhibit E State Addenda and Agreement Riders
- Exhibit F Franchise Brand Standards Manual Table of Contents
- Exhibit G Contracts for use with the Hydrate Franchise
- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I State Effective Dates
- Exhibit J Receipt

Date Signature Printed Name

Date Signature Printed Name

Rev. 012417

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



RECEIPT
(Our Copy)

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- Exhibit I State Effective Dates
- Exhibit J Receipt

Date Signature Printed Name

Date Signature Printed Name Rev. 012417

Please sign this copy of the receipt, date your signature, and return it to KCA Holdings LLC, 753 S. University Blvd., Denver, CO 80209.

