

FRANCHISE DISCLOSURE DOCUMENT



IDOLIZE Franchising LLC
A North Carolina Limited Liability Company
8058 Corporate Center Drive, Suite 250
Charlotte, North Carolina 28226
704-612-2255
www.IDOLIZEspa.com

We offer qualified individuals and entities a franchise for the right to independently own and operate a distinctive beauty spa that operates under the IDOLIZE mark and features fast, affordable, and effective spa services, such as eyebrow and facial threading, lash and brow services, waxing, facials and alternative hair removal services provided to clients by a staff of trained professionals (each, a “Beauty Spa” or “Franchised Business”).

The total investment necessary to begin operation of a single IDOLIZE Beauty Spa is \$380,704 to \$460,303. This includes \$47,500 to \$49,500 that must be paid to us or our affiliates.

The total investment necessary to begin operation of an IDOLIZE Beauty Spa multi-unit development business is \$424,704 to \$502,303 for a required minimum of two IDOLIZE Beauty Spa outlets to be developed. This includes \$91,500 that must be paid to us or our affiliates. Additional outlets may be developed on the following schedule:

3 Units \$129,500
4 Units \$167,500
5 Units \$205,500
6+ Units \$38,000 per outlet

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226 or 704-612-2255.

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

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

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

Issuance Date: April 21, 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 F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only IDOLIZE business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an IDOLIZE franchisee?	Item 20, Exhibit F 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 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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

Special Risks to Consider About *This Franchise*

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

- 1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. Out-of-state 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 North Carolina than in your own state.
- 2) **Spousal Obligation.** 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) **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
- 4) **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see item 21) calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" (if any) to see whether your state requires other risks to be highlighted.

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

To simplify the language of this Disclosure Document, the Franchisor is referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying the franchise as “franchisee,” “you” or “your.” If you are a corporation, partnership, limited liability company or other entity, the terms “franchisee,” “you” and “your” also refer to your owners.

The Franchisor

We were organized under the laws of North Carolina as a limited liability company on February 22, 2017, under the name IDOLIZE Franchising LLC. Our principal business address is 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226, and our telephone number is 704-612-2255. We only do business under our corporate name and our proprietary marks, including the mark IDOLIZE. We have no predecessors.

We grant franchises for the right to independently own and operate Franchised Businesses (Beauty Spas) that are distinctive beauty spas that feature fast, affordable, and effective spa services, such as eyebrow and facial threading, lash and brow services, waxing, facials and alternative hair removal services provided to clients by a staff of trained professionals. These Franchised Businesses operate under the mark IDOLIZE and any other proprietary marks we designate in the future (the “Proprietary Marks”), and also operate utilizing our proprietary business system described more fully below.

We first began offering franchises for the right to operate a Franchised Business in March 2017. We do not sell franchises in any other line of business and, except as provided in this Item, we are not otherwise engaged in any other business activity.

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

Our Parent, Predecessors and Affiliates

Our parent, Sher Holdings, Inc., is a North Carolina corporation formed on July 26, 2011, which shares our principal business address. Sher Holdings, Inc. only does business under its corporate name. It does not offer franchises in any line of business. Sher Holdings, Inc. is the approved supplier for IDOLIZE Brand products.

As of the issue date of this Disclosure Document, we have the following affiliates, all of which share our principal business address. These affiliates have not offered franchises in this or any other line of business.

1. TBB Whitehall LLC is a North Carolina limited liability company formed on October 6, 2010, that has operated a business substantially similar to the Beauty Spa offered under this Disclosure Document in Charlotte, North Carolina since November 2010 and uses the IDOLIZE mark.
2. IDOLIZE Dilworth LLC is a North Carolina limited liability company formed on October 11, 2013, that has operated a business substantially similar to the Beauty Spa offered under this Disclosure Document in Charlotte, North Carolina since March 2014 and uses the IDOLIZE mark.

3. IDOLIZE University, LLC is a North Carolina limited liability company formed on July 2, 2014, that has operated a business substantially similar to the Beauty Spa offered under this Disclosure Document in Charlotte, North Carolina since November 2014 and uses the IDOLIZE mark.
4. IDOLIZE LLC is a North Carolina limited liability company formed on March 13, 2009, that has operated a business substantially similar to the Beauty Spa offered under this Disclosure Document in Charlotte, North Carolina since July 2009 and uses the IDOLIZE mark. IDOLIZE LLC owns the Proprietary Marks and licenses the Proprietary Marks to use in connection for use within the System. See Item 13 for more information about the Proprietary Marks.
5. TBB Crabtree LLC is a North Carolina limited liability company formed on October 6, 2010, that has operated a business substantially similar to the Beauty Spa offered under this Disclosure Document in Raleigh, North Carolina since November 2010 and uses the IDOLIZE mark.
6. IDOLIZE Shortpump LLC is a Virginia limited liability company that operates a business that sublets space in its facility to cosmetology professionals who then market their own services to the public and provide those services themselves. IDOLIZE Shortpump LLC closed in July 2020.
7. Silk Investments LLC is a North Carolina limited liability company that sells women's hair extensions through e-commerce.
8. IDOLIZE Rea Farms, LLC is a North Carolina limited liability company that opened an IDOLIZE spa in Charlotte, NC in November of 2018. IDOLIZE Rea Farms, LLC was sold to a franchisee in April 2019.
9. IDOLIZE Huntersville LLC is a North Carolina limited liability company that purchased an IDOLIZE spa in Huntersville North Carolina in February 2022.

Except as provided above in this Item, we do not have any affiliates or predecessors that must be disclosed in this Disclosure Document.

The Franchised Business

Your Franchised Business (Beauty Spa) will be authorized to provide fast, affordable, and effective spa services, such as eyebrow and facial threading, lash and brow services, waxing, facials and alternative hair removal services provided to clients by a staff of trained professionals. In operating your Franchised Business, you will be required to provide the foregoing services, along with any other services and products we authorize (collectively, the "Approved Products and Services"), with the highest level of customer service in a consistent, clean and friendly environment for your guests.

Your Beauty Spa will be operated using our Proprietary Marks and in accordance with our proprietary operating system, which includes our valuable knowhow, information, trade secrets, methods, confidential operations manual (the "Operations Manual") and other proprietary manuals we may loan to you (collectively, the "Manuals"), standards and specifications, sales techniques, merchandising, marketing, advertising, inventory management systems, marketing and sales programs, fixture and furniture selection, staffing guidelines and other research and development connected with the establishment and operation of a Beauty Spa (collectively, the "System"), which we may modify from time to time as we deem appropriate in our sole discretion.

Your Franchised Business will have between approximately 1200 to 1500 square feet of leased or owned space and your Beauty Spa will typically be located in retail shopping center or other high-traffic area. In order to own and operate a Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit B to this Disclosure Document (the “Franchise Agreement”). If the franchisee is a business entity (for example, a corporation, partnership or limited liability company), then all of the individuals that have any type of ownership interest in the franchisee entity, as well as their spouses, must sign our form of personal guaranty (attached as an Exhibit to the Franchise Agreement) where each owner agrees to be personally bound by, and personally guarantee the entity’s obligations under, all terms of the Franchise Agreement (the “Personal Guaranty”). If the franchisee is an individual, then the franchisee’s spouse will be required to execute the Personal Guaranty unless the spouse also signs the Franchise Agreement directly.

Once we agree on the location of your Franchised Business (the “Premises”), we will designate a geographical area around the Premises where we will not own or operate or license a third party the right to own or operate, a Beauty Spa that utilizes the Proprietary Marks and System (your “Designated Territory”).

We also offer qualified individuals the right to open a minimum of two (2) IDOLIZE Beauty Spa outlets in a designated area under the terms of a multi-unit development agreement as Area Developers. You must sign the then-current form of franchise agreement for each Franchised Business to be developed under the multi-unit development agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

Market and Competition

The market for hair removal and spa services is well-developed and competitive. You will compete with a range of brow bars, lash bars, beauty salons, spas and other businesses offering similar services. There are a number of local independent and national hair care and beauty spas throughout the U.S. that may offer a similar range of products and services as your Beauty Spa.

Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry-Specific Regulations

Each state requires that estheticians providing hair removal services have a current esthetician license valid in that state and some, but not all, states, require that threading professionals obtain a cosmetology license. It is your responsibility to research the licensing laws and requirements in your state to determine which licenses you are required to obtain for you and your employees. Additionally, you must investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating an IDOLIZE franchise and you should consider both their effect and cost of compliance.

Most states and local jurisdictions have also enacted other laws, rules, regulations and ordinances that may apply to the operation of your business, including those that: (i) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (ii) regulate matters affecting the health, safety and welfare of your customers, such as restrictions on smoking; (iii) set standards pertaining to employee health and safety; (iv) regulate matters affecting requirements for accommodating disabled persons, including the Americans with Disabilities Act; (v) set standards and requirements for fire safety and general emergency preparedness; and (vi) regulate, or otherwise relate to or govern, the operation of a spa or beauty salon generally (including those that may require you to obtain

certain permits, certificates, licenses or approvals to provide the Approved Products and Services at your Franchised Business).

You must consult with your own attorney to ensure that the laws of the state where your Beauty Spa is located permits you to provide the Approved Products and Services from your Beauty Spa. It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of an IDOLIZE Beauty Spa generally.

Please be advised that you must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Franchised Business.

ITEM 2 BUSINESS EXPERIENCE

Founder and CEO: Manojkumar (Mo) Pandoria

Employer	Position	Start Date/End Date	Location
IDOLIZE Franchising LLC	Founder/CEO	January 2017 to Present	Charlotte, NC
Silk Investments LLC	Founder/CEO	November 2017 to Present	Charlotte, NC
IDOLIZE University, LLC	Founder/CEO	July 2014 to Present	Charlotte, NC
IDOLIZE Dilworth LLC	CEO	October 2013 to Present	Charlotte, NC
IDOLIZE Short Pump LLC	CEO	May 2012 to Present	Richmond, VA
Crunch Bistro	Founder/CEO	January 2012 to June, 2014	Charlotte, NC
Sher Holdings, Inc.	Founder/CEO	July 2011 to Present	Charlotte, NC
TBB Whitehall LLC	CEO	October 2010 to Present	Charlotte, NC
TBB Crabtree LLC	CEO	October 2010 to Present	Charlotte, NC
IDOLIZE LLC	CEO	March 2009 to Present	Charlotte, NC
IDOLIZE Huntersville LLC	CEO	February 2022 to Present	Charlotte, NC

Franchise Operations Manager: Tanielle Luepkes

Employer	Position	Start Date/End Date	Location
IDOLIZE Franchising, LLC	Franchise Operations Manager	October 2021 - Present	Charlotte, NC
ISI Elite Training	Franchise Operations Manager	June 2018 - October 2021	Charlotte, NC

YMCA	Franchise Personal Trainer and Instructor	January 2015 - February 2019	Charlotte, NC
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Accounting Manager: Lori Denman

Employer	Position	Start Date/End Date	Location
IDOLIZE Franchising LLC	Accounting Manager	January 2021 to Present	Charlotte, NC
Questra Med Communications Inc.	Accounting Manger	September 2008 to December 2020	Aurora, CO

Marketing Coordinator: Nicole Papageorge

Employer	Position	Start Date/End Date	Location
IDOLIZE Franchising LLC	Marketing Coordinator	September 2022 to Present	Charlotte, NC
Iberia Holding Company	Brand Development Manager	2021 -22022	Charlotte, NC
AmCap Home Loans	Branch Marketing Manager	2020 -2021	Charlotte, NC
Fortress Global Group	Marketing Director	2018 - 2020	Charlotte, NC

Esthetics Educator: Maria Goodman

Employer	Position	Start Date/End Date	Location
IDOLIZE Franchising LLC	Esthetics Educator	February 2023 to Present	Charlotte, NC
Hand and Stone	Spa Sales Lead	January 2020 - March 2021	Raleigh, NC
Hand and Stone	Esthetician	July 2018 - January 2020	Greensboro, NC
MassageLuxe	Esthetician	September 2017 - July 2018	Raleigh, NC

**ITEM 3
LITIGATION**

No litigation must be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy information must be disclosed in this Item.

**ITEM 5
INITIAL FEES**

Franchise Agreement

Initial Franchise Fee

The Initial Franchise Fee is \$49,500 for each Franchised Business that we grant you the right to open. The Initial Franchise Fee is payable in a lump sum due upon the signing of the Franchise Agreement. This fee is deemed fully earned when paid and is non-refundable.

Technology Fee

You will pay half of the monthly Technology Fee in the amount of \$250 per month when the Franchise Agreement is signed until construction begins. Once construction begins the fee will be \$500 per month.

We will charge you a development fee (“Development Fee”) when you sign the Multi-Unit Development Agreement. The Development Fee is an amount equal to \$91,500 for the first two (2) IDOLIZE outlets you are to develop under the Multi-Unit Development Agreement. Additional outlets may be developed on the following schedule:

- 3 Units \$129,500
- 4 Units \$167,500
- 5 Units \$205,500
- 6+ Units \$38,000 per outlet

The Development Fee is fully earned by us and due in lump sum when you sign the Development Agreement. The Development Fee is not refundable under any circumstance. Provided that you are in compliance with your development schedule and not in breach of the Multi-Unit Development Agreement, we will grant you an applicable credit against the Initial Franchise Fee payable for each Franchise Agreement you sign for each IDOLIZE outlet you are to develop under the Multi-Unit Development Agreement.

Our Initial Franchise Fee is uniform, except that we will discount the Initial Franchise Fee to \$39,500 to staff and managers of our affiliate locations that have been employed by our affiliate for at least two (2) years.

We currently offer a Veteran discount of \$2,500 for the first unit purchased.

Discounts to the Initial Franchise Fee may not be combined.

**ITEM 6
OTHER FEES**

Name of Fee¹	Amount	Due Date	Remarks
Royalty ²	6% of Gross Sales With a minimum royalty payment of	Weekly via ACH on Wednesday for the sales week	Gross Sales are defined in Note 2 below.

Name of Fee¹	Amount	Due Date	Remarks
	\$250 weekly beginning in week 14 and continuing every week thereafter. There is no minimum royalty in weeks 1 to 13.	ending the immediately preceding Sunday.	
Brand Fund Contribution ³	Up to 2% of Gross Sales Currently, the Brand Fund Contribution is 1% of Gross Sales.	Weekly via ACH on Wednesday for the sales week ending the immediately preceding Sunday.	Brand Fund Contributions are paid directly to the Fund.
Technology Fee ⁴	The payment of the technology fee will be \$250 per month from when Franchise Agreement is signed until construction begins. Once construction begins the fee will be \$500 per month.	Paid with the first Royalty payment of each calendar month via ACH.	Payable to us.
Local Advertising Marketing and Promotional Expenditures ⁵	Minimum of \$2,000 per month for months 4-12 of operation, after the Grand Opening Advertising Campaign has concluded. For the 13th month and onward, a minimum of \$1000 per month.	Monthly - as incurred by you.	Local Advertising, Marketing and Promotional expenditures are paid to third parties.
Interest ⁶	1.5% per month or highest rate allowed by law.	As incurred.	Interest is paid to us from the date of nonpayment or underpayment.
Transfer Fee ⁷	50% of the then current franchise fee, with a minimum of \$16,250.	The transfer fee is paid upon application to transfer.	
Relocation Fee ⁸	Costs and expenses.	As incurred.	
Testing or Supplier Approval Fee	\$500, to be refunded to franchisee if approved for use by the entire system.	Upon request.	
Gift Card Program	Approximately 3% service fee.	As incurred.	You will pay this fee to the approved supplier.
Audit Fee ⁹	Costs and expenses.	As incurred.	
Additional training ¹⁰	Currently \$1,000 per person per week plus expenses incurred.	As Incurred prior to beginning of additional training.	The Fee for Additional Training is paid to us.

Name of Fee¹	Amount	Due Date	Remarks
Legal fees and expenses	Costs and expenses, including but not limited to attorneys' fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As incurred.	
Successor Agreement Fee ¹¹	25% of the then-current franchise fee; subject to an \$8,125 minimum.	Upon signing a then current form franchise agreement.	The Successor Agreement Fee is paid to us, over and above any Royalties, Brand Fund or any other fees to which we are entitled.
Management Fee	20% of Gross Sales in the event we must operate franchise due to death, disability, etc. Plus our expenses.	Weekly with Royalty payment.	
Indemnification ¹²	The amount of any claim, liability or loss we incur from your Franchised Business.	As incurred.	
Reimbursement of Costs and Expenses ¹³	Costs and expenses.	As incurred.	
Confidential Operating Manual Replacement Fee ¹⁴	\$500	As incurred.	
Post-Termination or Post-Expiration Expenses ¹⁵	Costs and expenses.	As incurred.	

Explanatory Notes:

1. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.
2. Royalty payments are paid weekly via ACH on each Wednesday for the sales week ending the immediately preceding Sunday. Each Royalty payment is calculated based on the Gross Sales of the Franchised Business. Your Royalty payment will be the total of six percent (6%) of your Gross Sales. Beginning with week 14 of your operations, you will pay a minimum weekly Royalty, notwithstanding Gross Sales, of \$250 per week. If the applicable percentage of Gross Sales based on your cumulative calendar year sales exceeds that amount, you will pay the greater amount. There is no minimum Royalty payment imposed during weeks 1 through 13 of your operation. You will pay the applicable percentage of Gross Sales only.

Gross Sales are defined to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit, redemption of a gift card, or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. Marketing Expenses include any discounts offered in store or via any third-party website or promotional marketing program. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

3. We require you to contribute up to two percent (2%) of your Gross Sales to the Fund (the “Brand Fund Contribution”). Brand Fund Contributions will be paid directly to the Fund and not to us. Brand Fund Contributions are not income to us. We will have the right to spend the Brand Fund Contributions accumulated in the Fund in our sole discretion. As of the date of this Disclosure Document, our Brand Fund Contribution is one percent (1%) of your Gross Sales.
4. The technology fee will cover POS System and Support, Email System, and Intranet and Training Document System. Additional Fees may apply, refer to Operations Manual for more information. The payment of the technology fee will be \$250 per month from when Franchise Agreement is signed until construction begins. Once construction begins the fee will be \$500 per month. We reserve the right to substitute or add different approved technologies, which you must use and which may increase the technology fee with reasonable notice.
5. We require that you spend a minimum of \$2,000 per month for months 4-12 of operation, after the Grand Opening Advertising Campaign has concluded. For the 13th month and onward there is a required minimum spend of \$1,000 per month. (“Local Advertising”), to be paid to third parties. There are currently no advertising cooperatives in our System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Myspace, TikTok, Twitter, Instagram, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval. Your expenditures toward Social Media Platforms and Social Media Materials will not count towards your required Local Advertising expenditures.

6. Highest Interest Rate Allowed by Law in California is Ten Percent (10%) annually.
7. If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. The fee to transfer a Franchised Business is 50% of the then-current franchise fee, with a minimum of \$16,250, to be paid upon application for transfer.
8. If you relocate your Franchised Business, you will be required to pay us any costs and expenses we incur in assisting you to relocate your Franchised Business including, but not limited to, expenses

incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs.

9. We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise, and it is determined that you underestimated your Gross Sales in any report by two percent (2%) or less, then you must pay, within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Sales in any report by more than two percent (2%), then you must pay, within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.
10. Training for you and up to one (1) other person is included in the Initial Franchise Fee. In our discretion, additional training may be provided to up to three (3) additional person(s) if all are trained at the same time, or in conjunction with already scheduled training classes. We may require that you complete additional training as well. If we provide you with additional training, we reserve the right to charge you for such training. Additional training will be charged at our then-current rate for additional training, which as of the date of this disclosure document is \$1,000 per person per week. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.
11. Two successive ten (10) year franchise agreements are available to qualified franchisees under certain circumstances and in accordance with the conditions contained in the Franchise Agreement.
12. In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Business, if we elect to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.
13. If, after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may, in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.
14. If your copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, you will be required to obtain a replacement copy and pay us our then-current fee for a replacement copy. At the time of this writing, our fee for a replacement copy is \$500.
15. Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽¹⁾	\$47,500	\$49,500	Lump sum	Upon execution of the Franchise Agreement	Us
Construction and Leasehold improvements ²	\$185,950	\$209,150	Per contract terms	During construction and at completion	General contractor, landlord, suppliers
Furniture Fixtures and Equipment ³	\$52,437	\$57,665	As incurred	Before opening	Approved Suppliers
Signage (interior and exterior) ⁴	\$5,159	\$6,900	As incurred	Before opening	Approved Suppliers
Technology ⁵	\$3,000	\$4,500	Lump sum	Before opening	Approved suppliers
Opening Inventory ⁶	\$11,000	\$13,000	As incurred	Before opening	Approved Suppliers and Us
Rent Deposit ⁷	\$2,500	\$3,900	As incurred	Before opening	Landlord
Utility Deposits ⁸	\$165	\$250	As incurred	Before opening	Utility companies
Insurance Deposits ⁹	\$0	\$1,550	As arranged	Before opening	Approved Supplier
Pre-opening Travel Expense ¹⁰	\$1,500	\$3,500	As incurred	Before opening	Airlines, hotels and third-party suppliers
Grand Opening Advertising ¹¹	\$9,000	\$12,000	As incurred	Before opening	Approved Supplier
Digital Start Up Fee ¹²	\$2,000	\$2,000	As incurred	Before opening	Us
Professional Fees ¹³	\$16,500	\$16,888	As arranged	Before opening	Attorneys and Accountants
Business Permits and Licenses ¹⁴	\$1,493	\$1,500	As incurred	Before opening	Licensing authorities
Printing, Stationery and Office Supplies ¹⁵	\$2,500	\$3,000	As incurred	Before opening	Approved Suppliers
Additional Funds-3 months ¹⁶	\$40,000	\$75,000	As incurred	Before opening	Various

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Total¹⁷	\$380,704	\$460,303			

Explanatory Notes:

1. The Initial Franchise Fee is the same for all similarly situated franchisees. Please see Item 5 for additional information about the Initial Franchise Fee.
2. This estimate is for the costs for the development of a Beauty Spa with between 1200 to 1500 square feet of space, and for furniture and fixtures for the Beauty Spa. We have not built a prototype using this precise configuration but have based our estimates on the historical experience of our affiliates. The difference in the low and the high improvement cost estimates is due to the difference in size of the location. These estimates are applicable to a site which has been obtained in the “vanilla box” stage, which refers to the interior condition of either a new or existing building in which the improvements generally consist of heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting and a concrete slab floor. The costs of the furniture and fixtures may differ depending on the material quality and on other factors. As in development of any retail locations, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided.
3. These figures represent the purchase of the necessary equipment and furniture from suppliers to provide the Approved Products and Services, which do not include any transportation or assembly costs.
4. This includes the estimate to produce wall signage to be mounted to the outside of the Premises as well as all interior signage such as logo graphics for the windows of the Premises, where applicable. If your Premises requires an insert on any pylon, then you may incur higher costs.
5. The Point of Sales (“POS”) system is the equipment that tracks the sales of your Beauty Spa, which you must purchase from an Approved Supplier. The difference between the low and the high estimate is determined by the number of screens and stations that a franchisee may install for its location, depending upon the square footage allocated to the front counter. Franchisees are required to have a minimum of one (1) screen and station and a maximum of two (2) screens and stations.
6. This estimate is for the cost of the initial inventory of skin care products, which includes professional and retail skin care products, wax supplies, tinting supplies, lash extension supplies, chemical peel supplies, threading supplies, cleaning supplies, and retail products (including, but not limited to, brow powder, gel, mascara, brushes, pencils, and eyeliner). You must purchase the initial inventory from an Approved Supplier. Approximately \$2,000 of the total initial inventory will be purchased from our affiliate Sher Holdings, Inc.
7. This estimate represents a one (1)-month deposit of rent. We have included the amounts for three (3) additional months’ rent in the “Additional Funds” estimate. The low estimate contemplates a location with approximately 1200 square feet located in a suburban location and the high estimate

contemplates a location with approximately 1500 square feet located in a suburban location. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

8. This estimate represents the utility deposits you will be required to pay for the Premises. A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first-time customers, both of which may increase your costs. These costs will vary depending on the type of services required for the Premises and the municipality from which they are being contracted.
9. This estimate is for the cost of a deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Beauty Spa will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry. These figures are based on the average cost per year to ensure our affiliate locations (with the low estimate based on the kiosk-sized location and the high estimate based on the full-size locations).
10. This estimate is for the cost for you or your operating principal (defined as the managing shareholder, member or partner of franchisee if franchisee is an entity), plus one additional person to attend the initial training program held in Charlotte, North Carolina. We do not charge tuition for us to train up to two people, but you will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is typically four (4) days. This estimate does not include cost of labor.
11. In addition to the Local Advertising Requirement, you will be required to spend between \$9,000 and \$12,000 in connection with the opening of the Franchised Business for the period between 30 days prior to opening and 60 days after opening. We must approve your plan for Grand Opening Advertising prior to its use. We reserve the right to collect some or all of your Grand Opening funds and implement the Grand Opening campaign on your behalf.
12. This fee is for the cost of your Website set-up, Social Media set-up, Business Directory set-up, and Music and Messaging set-up
13. These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.
14. You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Beauty Spa. It is your responsibility to determine your specific state requirements regarding licensing of individuals providing the services of your Beauty Spa.
15. This figure is primarily for printing a start-up order of stationery and business cards bearing the

Proprietary Marks and a supply of office materials.

16. This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. This estimate also includes such items as initial payroll and payroll taxes, Royalties (as described in this Disclosure Document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Beauty Spa. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as whether your Beauty Spa is located in a new or mature market and your business experience.
17. This total amount is based upon the historical experience of our affiliates and information we have obtained relating to the construction of stores that operate in a similar manner to the Beauty Spa offered under this Disclosure Document. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. We do not offer direct or indirect financing.

**YOUR ESTIMATED INITIAL INVESTMENT
MULTI-UNIT DEVELOPMENT AGREEMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee ⁽¹⁾	\$91,500	Lump Sum	On signing Multi-Unit Development Agreement	Us
Other Expenditures for First Business ⁽²⁾	\$333,204 to \$410,803	See First Table	See First Table	See First Table
Total	\$424,704 to \$502,303			

None of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

Notes:

1. Development Fee. The development fee is discussed in Item 5. Our estimate assumes you will develop two Businesses. Additional outlets will amend the Development Fee as follows:

3 Units \$129,500

4 Units \$167,500
5 Units \$205,500
6+ Units \$38,000 per outlet

2. ***Other Expenditures for First Business.*** These are the estimates to build-out your first Business. Costs associated with building out additional Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Services

You may only market, offer, sell and provide the Approved Products and Services at your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time, which would require you to market, offer, sell and provide the Approved Products and Services from the modified list.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliate(s), and we reserve the right to change the Approved Supplier at any time upon notice to you. We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for build-out project management, uniforms, products and inventory bearing the Proprietary Marks, the point-of-sale system (the “POS System”), gift card redemption, and all skin care products used in the operation of or sold at the Franchised Business.

Our affiliate, Sher Holdings, Inc. is currently the approved supplier of IDOLIZE branded products.

A full list of all approved suppliers will be provided in our Confidential Operations Manual.

We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us, our affiliate(s), or our parent or other affiliate(s).

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

As of the Issue Date of this Disclosure Document: (i) our officers own an interest in one of our Approved Suppliers. We reserve the right to designate us or our affiliate or parent as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases will account for approximately 25% to 29% of your total costs incurred in establishing your Franchised Business, and approximately 15% to 20% of your ongoing costs to operate the Franchised Business after the initial start-up phase. Please be advised that these percentages do not include your lease payments you make in connection with your Premises.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business. In the fiscal year ending December 31, 2022, we and our affiliates received \$4,443.46 from required purchases or 1.5% of our total revenues of \$295,997.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request, which is currently \$500, plus our actual costs and expenses incurred. If the product or service is then approved for use for the entire System, we will refund the evaluation fee. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier’s production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier’s facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier. If we do not approve your request within the 30 days, then the rest is deemed unapproved.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the IDOLIZE businesses in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our parent or affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our parent or affiliate(s) may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We do not currently have a purchasing cooperative with any third-party vendors, but reserve the right to create purchasing cooperatives in the future.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

Approved Location and Lease

You must obtain our approval of the Premises for your Franchised Business before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease (attached as an Exhibit to our current form of Franchise Agreement). You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Premises.

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including the following:

- All Risk Property Insurance on Inventory, Fixtures, Equipment and furniture of at least one million dollars,
- Workers Compensation in an amount compliant with the statutory requirements of the state in which the Franchised Business is located with a minimum coverage limit of five hundred thousand dollars,
- Comprehensive General Liability, Professional Liability and Employment Practices Liability with a minimum of one million dollars of coverage per occurrence, four million dollars aggregate for Professional Liability and General Liability, and two million in Umbrella Liability
- If a vehicle is used for the business or displays the licensed marks, it must have one million dollars of vehicle insurance.

We may modify from time to time as we deem appropriate in our reasonable discretion. We do not have an Approved Supplier for insurance, but you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance).

Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers, and we currently have an Approved Supplier in connection with the software you must use at your Franchised Business (and maintenance/support associated with this software). See Item 11 for more information about our Computer System.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 2(B), 2(D), 5(E), and 6(A)	Items 7, 8, 11, and 12
b.	Pre-opening purchases/leases	Sections 6(A), 6(C), 6(D), 6(E), and 6(K)	Items 7, 8, 11
c.	Site development and other pre-opening requirements	Sections 2(B), 5(F), 6(D), 6(I), and 6(J)	Items 6, 7, 11
d.	Initial and ongoing training	Sections 5(A)-(C), 6(O), and 6(P)	Items 6, 11
e.	Opening	Sections 6	Items 7, 11
f.	Fees	Sections 3, 4, 9(C)-(E), and 13(E)	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 5, 6, 7 and 8	Items 6, 8, 11, 12, 16
h.	Trademarks and proprietary information	Section 7	Items 13, 14
i.	Restrictions on products/services offered	Sections 5(D), 6(G), 6(H), 6(K), and 6(L)	Items 8, 11, 16
j.	Warranty and customer service requirements	Section 6(U)	Not Applicable
k.	Territorial development and sales quotas	Sections 2	Item 12
l.	Ongoing product/service purchases	Sections 6(F), 6(G), 6(K), 6(L), 6(T), 6(AA) and 8	Items 8, 16
m.	Maintenance, appearance and remodeling requirements	Section 3(B), 6(R), and 6(M)	Items 8, 11
n.	Insurance	Sections 6(A) and 6(B)	Items 6, 7, 11
o.	Advertising	Section 9	Items 6, 8, 11
p.	Indemnification	Section 11(C)	Item 6
q.	Owner's participation/management/staffing	Section 6(W) and 6(Z)	Item 15
r.	Records and reports	Sections 4(C), 4(E), 6(S), 6(V), and 10	Items 6, 11
s.	Inspections and audits	Section 5(K), 6(B), 6(S), 6(V), 10(B), 10(H), and 19(A)	Items 6, 11
t.	Transfer	Section 13	Item 17
u.	Renewal	Section 3(B)	Item 17

	Obligation	Section in Franchise Agreement	Disclosure Document Item
v.	Post-termination obligations	Sections 14(B) and 16	Item 17
w.	Non-competition covenants	Section 14	Item 17
x.	Dispute resolution	Sections 19 and 21	Item 17

**ITEM 10
FINANCING**

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

**ITEM 11
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS and TRAINING**

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

A. Pre-Opening Obligations

Prior to the opening of your Beauty Spa, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for each of your Franchised Business(es). We will also review, and subsequently approve/reject, any proposed lease or purchase agreement for each location that you propose as a Premises for any Franchised Business. (Franchise Agreement, Sections 2(B) and 5(E));

2. Once you secure a Premises that we approve for a Franchised Business, we will define your Designated Territory for that Franchised Business and include its boundaries in a Data Sheet attached as an Exhibit to your Franchise Agreement. (Franchise Agreement, Section 2(D));

3. We will provide you with online access to, or otherwise loan you, one (1) copy of our confidential and proprietary Manuals. You must operate your Franchised Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached to this Disclosure Document as Exhibit G and the Operations Manual has a total of approximately 200 pages. (Franchise Agreement, Section 5(D));

4. We will provide you with a list of our Required Items and Approved Suppliers (to the extent we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Section 5(D));

5. We will review and approve the proposed layout and design of your Premises as well the equipment, furniture and fixtures used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. (Franchise Agreement, Sections 6(D) and 6(I)); and

6. We will provide you and up to one (1) additional individual you designate as your Designated Manager with our Initial Training Program, designed to provide instruction and education on our System methods and techniques related to establishing and operating your Franchised Business. In our discretion, additional training may be provided to up to three (3) additional person(s) if all are trained at the same time, or in conjunction with already scheduled training classes. We require that your operating principal and your Designated Manager, if applicable, attend the Initial Training Program. Your payment of the Initial Franchise Fee will cover the tuition associated with you and one (1) additional trainee to participate in our Initial Training Program, and you will be responsible for all costs and expenses you (and other attendees) incur in connection with attending or otherwise participating in our Initial Training Program (including any travel, lodging, meals and other expenses associated with attending those portions of the program that are provided from our designated training facility in Charlotte, North Carolina or other location we designate, which may include a location owned by our affiliate). (Franchise Agreement, Section 6(O)). The details of our Initial Training Program are set forth in the Chart below.

INITIAL TRAINING PROGRAM



IDOLIZE Brows and Beauty Training Breakdown

SUBJECT	Hours of Online Self Training	Hours of Live Teams Call with Corporate Team Member	Hours of Corporate On-Site Training	Hours of On-Your Site Training
Welcome-The Brand, Customer Service Focus and Our History	2	2	2	2
Prospecting and Marketing, Strategizing, Networking and Advertising your Spa	3	10	10	10

Technology: POS/CRM	12	6	6	8
Personnel: Recruiting, Training, Managing Employees, and Team Culture	3	6	4	20
Operations: Scheduling, Daily Procedures, IDOLIZE Services and Safety/Security	3	5	8	10
Operations: Inventory, Supplies, Equipment and Spa Maintenance	2	2	4	6
Management: Franchise Reporting, KPI's, Record Keeping, Expenses and Financials	4	8	2	2
Planning and Hosting Your Soft and Grand Opening	2	3	2	2
Welcome-The Brand, Customer Service Focus and Our History	2	2	2	2
TOTAL HOURS	31	42	38	60
			Total Training Hours	171

We typically schedule training four (4) to six (6) times a year and every eight (8) to twelve (12) weeks. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and Manuals, as well changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. Our training supervisor and his years of experience within the industry and years with our System are listed below. Our training supervisor may utilize other employees to assist him with all aspects of training.

The initial training program will be held in one or more of our Charlotte, NC affiliate owned spas and the franchise training center. Your pre-opening training will last for 40 hours conducted between Monday and Friday with a daily schedule duration approximately 8 hours per day. We expect to conduct the initial training program after you have found a spa location and have nearly finished construction to fit out the space.

Ideally, when you are done with pre-opening training, you will return home to complete the final touches on décor and equipment set up in the spa, hire and train your staff and then we will visit your location to assess your operation before you open.

You must complete Initial Training within ten (10) months of signing your Franchise Agreement and no later than six (6) months prior to the opening of your Franchised Business to our satisfaction, unless we agree otherwise in writing. Failure by you or any other required attendee to complete these portions of the Initial Training Program within this time period is grounds for terminating your Franchise Agreement. (Franchise Agreement, Sections 5(A) and 6(O)).

Our training program will be supervised by Mo Pandoria. Mr. Pandoria has thirteen (13) years of business experience with us and our affiliates and nine (9) years of experience specific to the franchise industry. We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least one (1) year in the subject matters that they teach. We will loan you one (1) copy of our proprietary instructional materials prior to or upon your attendance at our Initial Training Program, which may include our Manuals and certain other instructional materials that we develop. You, or another person that successfully completes our Initial Training Program, will be required to train all other personnel that work at your Franchised Business. (Franchise Agreement, Sections 6(O) and 6(P)).

After you have hired and trained your staff, we will provide on-site training in your Beauty Spa Premises for two (2) to three (3) days during which time we will assess your readiness to open with a “soft opening” for friends and family. During this on-site training, we will assess the following: daily operations, initial staffing, ongoing inventory and supply management processes, client service standards, POS, payment processing and brand presentation of your Beauty Spa. Once we establish that you have successfully completed the pre-opening training program, we will help you finalize your Grand Opening Advertising plans for your official launch, which will occur approximately two (2) to four (4) weeks later, and which we must approve before you may implement any such plan.

If you wish to have more than two (2) individuals attend the Initial Training Program, we will train these individuals, subject to the availability of our training staff, at our corporate headquarters or any other location we may select, and we reserve the right to charge our then-current training tuition fee for the Initial Training Program, which is currently \$1,000 per trainee per week. If you, your Designated Manager (if applicable) or other trainee you designate fails to complete the Initial Training Program to our satisfaction, that person may re-attend or you may send a replacement to our next available Initial Training Program session, provided there is availability. We may charge our then-current training tuition rate for these individuals to re-attend the Initial Training Program as well. In any event, you are solely responsible for all expenses incurred related to your and your employee’s attendance at our Initial Training Program, including transportation to and from the training site, lodging, meals and employee wages. (Franchise Agreement, Section 5(A) and 6(P)).

B. Site Selection

You must assume all costs, liabilities, expenses and responsibility for: (i) locating, obtaining and developing a Premises for your Franchised Business; and (ii) constructing, equipping, remodeling and/or building out the Premises for use as a Franchised Business, all in accordance with our System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed site for the Premises of your Franchised Business. We may require you to use our Approved Supplier for site-selection assistance. (Franchise Agreement, Sections 5(E) and 6(A)). We will not own the premises and then lease it to you.

In deciding whether to approve a site, we may also consider, among other things: (i) demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site; (ii) competition from other businesses selling similar hair removal and spa products and services within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the proposed site; (iii) zoning restrictions, soil and environmental issues, and other commercial characteristics; and (iv) the size, appearance, and other physical characteristics of the proposed site. If you have signed a Multi-Unit Development agreement, we will approve sites for future/additional units using the then-current site criteria.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Premises before you enter into such an agreement. We may condition our approval on a number of conditions, including: (i) an agreement by you and the landlord of the Premises to enter into our prescribed form of Collateral Assignment of Lease; and (ii) receiving a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business, including offering and selling the Approved Products and Services, throughout the term of your Franchise Agreement. Under the Collateral Assignment of Lease, we will have the option, but not the obligation, to assume or renew the lease for the Premises (the "Lease") for all or part of the remaining term of the Lease if you are in material default of your Franchise Agreement and/or Lease and/or fail to timely cure that default. (Franchise Agreement, Sections 5(E) and 6(A)).

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within 30 days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Business. (Franchise Agreement, Section 5(E)).

You must secure a premises that we approve within six (6) months of executing your Franchise Agreement for that Franchised Business or we may terminate that Franchise Agreement. (Franchise Agreement, Section 6(A)).

C. Time to Open

Except as provided in this Item, you must open and commence operations of your Franchised Business within one (1) year of the date you execute your Franchise Agreement for that Franchised Business. (Franchise Agreement, Section 6(D)). We estimate that it will take between nine (9) and twelve (12) months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Premises, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening. If you do not open or operate your Franchised Business within this one (1) year period, then we may terminate your Franchise Agreement. (Franchise Agreement, Section 6(D)).

D. Post-Opening Obligations

After the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We may offer, and require you and your Designated Manager to attend, additional training programs and/or refresher courses, as we deem necessary in our sole discretion (“Additional Training”). While you have the option to attend any Additional Training we offer, subject to the availability of our classes, we may require that you and your Designated Manager attend up to five (5) days of Additional Training each year at our headquarters or other location we designate. You will be required to pay our then-current Additional Training Fee for any Additional Training you and your employees request to attend and any Remedial Training that we require. You will also be solely responsible for all expenses incurred in attending Additional Training. (Franchise Agreement, Section 5(C));

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, intranet communication, Skype or any other communication channel, as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys and other brand quality measurements we impose in connection with the operation of your Franchised Business, and such advice/consultation will be subject to your timely provision of any reports we require you to submit. (Franchise Agreement, Section 5(G)).

3. We may also provide you with additional on-site assistance, subject to the availability of our field representatives and, upon our request, payment of our then-current Additional Training Fee. (Franchise Agreement, Section 5(G));

4. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading “Advertising and Marketing.” (Franchise Agreement, Section 5(H));

5. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 6(L));

6. We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any franchise conference and you will be required to pay our then-current attendance/registration fee. (Franchise Agreement, Section 5(N));

7. We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote the IDOLIZE brand, our Proprietary Marks and other Beauty Spa locations, provided you are in compliance with the terms of your Franchise Agreement. Please see below in this Item 11 under the heading “Advertising and Marketing” for further information. (Franchise Agreement, Sections 5(D), 5(I) and 9(G));

8. We will, if and when established, administer and maintain a System-wide brand development fund (the “Fund”) for the benefit of the System. (Franchise Agreement, Sections 5(J) and 9(E));

9. We may, as we deem appropriate in our discretion, establish and maintain a website portal that will be accessible by IDOLIZE franchisees, which may be used for purposes of (a) providing updates, supplements and supplemental information that will constitute part of one (1) or more Manual, (b) providing webinars and other training, including portions of our Initial Training Program, (c) providing advertising templates or other marketing/promotional materials, as well as information related thereto, and (d) otherwise communicate with our franchisees regarding the brand, System and/or specific operational/promotional aspects of a Franchised Business (collectively, the “IDOLIZE Team Site”). (Franchise Agreement, Section 5(D));

10. We may conduct, as we deem advisable in our sole discretion, inspections of the premises and audits of the Franchised Business and your operations generally to ensure compliance with our System standards and specifications. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of an IDOLIZE franchise, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. (Franchise Agreement, Section 5(K));

11. We may supplement, revise or otherwise modify the Manuals and/or the IDOLIZE Team Site (if and when created) as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our System-wide intranet. (Franchise Agreement, Section 2(G)); and

12. We may: (i) research new hair removal and/or spa services, products and equipment and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (ii) create and develop additional products and services to be offered or provided as Approved Products and Services at IDOLIZE Beauty Spas, including proprietary products and services that may be sold under the trademarks we designate. (Franchise Agreement, Section 6(G)).

E. Advertising

All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We reserve the right to designate an Approved Supplier from which you must purchase advertising materials and/or services that we designate.

We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 9(A)). You will be required to purchase and display any signage in certain parts of your Franchised Business that have high visibility for purposes of notifying customers and prospective customers of seasonal specials/promotions regarding our Approved Products and Services. (Franchise Agreement, Section 6(N)).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 20 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously-approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9(B)). We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf. Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Designated Territory.

Local Advertising. We advertise our Beauty Spas primarily through local direct mail, community involvement, newspaper and magazine advertisements. We expect that you will follow the same pattern. We require that franchisees spend at least \$2,000 per months for months 4-12 in operation, after your Grand Opening Advertising Campaign has concluded and \$1,000 per month on local advertising and promotions for months 13 and onward (the “Local Advertising Requirement”). (Franchise Agreement, Section 9(D)). We reserve the right to designate an Approved Supplier from which you must purchase advertising materials and/or services that we designate that you will use as part of your Local Advertising Requirement. We also reserve the right to request proof of such expenditures by providing you with notice of such request. Additional costs may include PR Support, Grassroot Marketing Efforts, and Social Media Collaboration, and Event Planning.

Grand Opening Advertising. In addition to the Local Advertising Requirement, you will be required to spend between \$9,000 and \$12,000 in connection with the opening of the Franchised Business for the period between 30 days prior to opening and 60 days after opening. We will typically designate the exact amount you must spend on your Grand Opening Advertising within 30 days of the date you secure a Premises, and we must approve your plan for Grand Opening Advertising prior to its use. (Franchise Agreement, Section 9(C)).

Brand Development Fund. We reserve the right to establish a System-wide brand development fund (the “Fund”) for the benefit of the System and IDOLIZE brand generally. We currently require that you contribute to this Fund at the same time and same manner that we collect your Royalty Fee in an amount equal to one percent (1%) of the Gross Sales of your Franchised Business during the preceding Business Week (the “Fund Contribution”). We reserve the right to increase your Fund Contribution to up to two percent (2%) of the Gross Sales of your Franchised Business. We will administer and use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. We will designate all programs that the Fund finances, with

sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials and electronic media; website maintenance and development, internet advertising, administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We and/or a regional or national advertising agency may be used to produce all advertising and marketing. (Franchise Agreement, Section 9(E)).

We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions. The Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase "Franchises Available" on any and all advertising/marketing that is covered by the Fund. We will prepare an unaudited, annual statement of Fund collections and costs and give it to you upon written request. We may incorporate the Fund or operate it through a separate entity if we deem appropriate. Our affiliate-owned Beauty Spas may, but are not required to, contribute to the Fund in the same manner that each franchised Beauty Spa is required to contribute. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We are not required to spend any of your Fund Contributions in the Designated Territory you are granted under your Franchise Agreement, and we will provide you with an accounting of the Fund within 120 days after our fiscal year end (upon your written request). We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year. We will have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion. (Franchise Agreement, Section 9(E)).

In the past fiscal year ending December 31, 2022, we collected \$35,646 in Fund Contributions. Funds spent totaled \$27,708 with \$23,871 in Marketing dollars and \$3,837 in Professional Fees dollars. The remaining amount of \$7,938.00 will be carried over to the next fiscal year.

Advertising Council. Currently, we have not established an advertising council (the "Advertising Council"), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Franchise Agreement, Section 9(F)).

Regional Advertising Cooperatives (“Cooperatives”). We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two (2) or more Beauty Spas (whether a Franchised Business or affiliate-owned) (each a “Cooperative”). If we assign your Franchised Business to a Cooperative, we establish, you must work with the other Beauty Spa owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Stores within the geographical boundaries of the Cooperative. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. (Franchise Agreement, Section 9(H)).

Online Directories. As another means of advertising, you must ensure that the Franchised Business is listed in appropriate Internet-based telephone directories that we designate. You must ensure that your Franchised Business has a dedicated telephone line that is not used for any other purpose.

F. Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business that meets our System specifications, including without limitation (i) a computer; (ii) an all-in-one printer/scanner/copier/fax machine; (iii) a receipt printer; and (iv) a credit card processing terminal (collectively, the “Computer System”). We may also require you to use designated software in connection with the Computer System and Franchised Business (the “Required Software”). (Franchise Agreement, Sections 4(C) and 6(K)). Currently the required computer system is Meevo 2 and the approved seller of the software is Millennium Systems International.

We must approve of all of the hardware to be used as a part of your Computer System before it is used in connection with your Franchised Business, and none of the foregoing hardware may be used for any other purpose other than operating your Franchised Business. You will also need to maintain high-speed Internet access. (Franchise Agreement, Sections 4(C) and 6(K)).

If you already have computer hardware and/or software that meet our then-current standards for a Computer System and/or Required Software, then you may use these items in connection with your Franchised Business provided you obtain our approval. Otherwise, we estimate the costs to purchase our current Computer System to be between \$2,300 and \$2,800. You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing. We estimate that you will spend approximately \$1,000 to \$2,000 annually on maintenance and support contracts for your Computer System, which includes (a) the software license for any Required Software (see Items 6 and 8 of this Disclosure Document), and (b) any upgrades to the Computer System.

You must have the components necessary to ensure that the entire Premises of the Franchised Business has access to the Internet via a wireless connection. We may require that: (i) you comply with our standards and specifications for Internet access and speed; and (ii) the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System. We may also require you to use a Computer System and/or related software that is administered through us and provides us with automatic access to all data and reports that might be created by such Computer System and/or software, including any security camera footage. Examples of the types of data that will be generated or stored in the systems include customer and sales

information, accounting and purchasing information and security camera footage. (Franchise Agreement, Sections 4(C) and 6(K)).

You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such networks or system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement, Sections 4(C), 5(D) and 9(G)).

G. Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, LinkedIn, TikTok, Pinterest, Twitter, YouTube or any other social media and/or networking site. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement, Section 9(G)).

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the “Website”), including the contact information of your Franchised Business. We agree to establish an interior page on our corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) the Franchise Agreement governing that Franchised Business is not subject to termination. (Franchise Agreement, Section 5(I)). We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. (Franchise Agreement, Section 9(G)). We (or our affiliate) are the sole registrant of the Internet domain name <http://www.IDOLIZEspa.com/>, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

ITEM 12 TERRITORY

Premises and Relocation

You may only operate your Franchised Business from the Premises we approve. Once we agree on the Premises, we will designate it on the Data Sheet attached to your Franchise Agreement.

You may not relocate your Franchised Business without our written consent, which we will not unreasonably withhold provided: (i) the new location is located within your Designated Territory and meets

our then-current criteria for a Premises; and (ii) you pay our then-current relocation fee (if any), which currently consists of reimbursing us for our costs and expenses. When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate. We will not unreasonably withhold our approval of your relocation request, provided the location meets our site selection criteria.

Franchise Agreement: Designated Territory

Once you have secured the Premises of your Beauty Spa, we will define the Designated Territory on the Data Sheet attached to your Franchise Agreement.

If your Beauty Spa will be located within a mall or other enclosed/indoor shopping area, your Designated Territory will consist of the enclosed area of such location.

If your Beauty Spa will be located as a standalone location located outside of a mall or enclosed/indoor shopping area, then your Designated Territory will typically be the smaller of (a) a three (3) mile radius around your Premises or (b) an area with a daytime population of 60,000 people, unless your Beauty Spa will be located in a major metropolitan downtown area or similarly-situated/populated central business district (a “Central Business District”). If your Beauty Spa is located in such a major metropolitan downtown area or Central Business District, your Designated Territory will be limited to the geographic area comprised of a radius of three (3) blocks around your Premises. The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Premises.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet. The sources we use to determine the daytime population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

During the term of your Franchise Agreement, we will not open or operate, or license a third party the right to open or operate, any other Beauty Spa utilizing the Proprietary Marks and System within your Designated Territory. Your Designated Territory cannot be modified except by mutual written agreement signed by both parties.

Limitations on Soliciting and Other Activities Outside of Your Designated Territory: Revenue Sharing

There are no territorial restrictions from accepting business from customers that reside/work or are otherwise based outside of your Designated Territory if these customers contact you and/or visit your Franchised Business. You may solicit prospective customers outside of your Designated Territory, provided (a) these prospective customers do not reside within the territory granted to another franchisee or Beauty Spa and (b) you obtain our prior written consent. You may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales inside or outside of your Designated Territory.

Reserved Rights

We, our parent, and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement: (i) establish and operate, and license any third party the right to establish and operate,

other Beauty Spas and Franchised Businesses using the Proprietary Marks and System at any location outside of your Designated Territory(ies); (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory(ies); (iii) use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory(ies) (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Designated Territory(ies); (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement; and (vi) own and operate Beauty Spas in “Non-Traditional Sites” including, but not limited to, shopping centers, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside your Designated Territory(ies).

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliate(s), our parent, our other affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Beauty Spas at Non-Traditional Sites, either directly or through our parent, our affiliate(s), licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Beauty Spas at Non-Traditional Sites.

The Designated Territory you are granted under the Franchise Agreement is not “exclusive” because we have the right to open and operate Beauty Spas at Non-Traditional Sites within your Designated Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you sign a Multi-Unit Development Agreement, you will not receive an exclusive development area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. During the term of your Multi-Unit Development Agreement, provided that you are not in default of your Agreement or development schedule, we will not open another IDOLIZE outlet or grant the right to anyone else to open an IDOLIZE outlet within your development area until the expiration or sooner termination of your Multi-Unit Development Agreement. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Mark in the development area through alternative distribution channels, as discussed above.

Additional Disclosures

Unless you have signed our Multi-Unit Development Agreement, we may but have not obligation to, consider granting you the right to establish additional IDOLIZE outlets under other franchise agreements if you are successful and in compliance with the Franchise Agreement and propose to open another IDOLIZE outlet in an area and at a location we approve. The Franchise Agreement does not provide you with any right or option to open and operate additional Franchised Businesses.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliate(s) have established, or presently intend to establish, other franchised or company-owned businesses that sell our


Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

Please note that if a customer purchases a gift card from a given Beauty Spa and subsequently redeems such gift cards at a different Beauty Spa, then the revenue associated with that customer’s transaction will be allocated to the servicing spa. (consistent with our then-current policy as specified in the Operations Manual).

ITEM 13 TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark IDOLIZE and certain other Proprietary Marks in connection with the operation of your Franchised Business only at your Premises and within your Designated Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement(s) and our Manuals.

Our affiliate, IDOLIZE, LLC, has registered the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date
IDOLIZE	4238974	November 6, 2012
 IDOLIZE BROWS AND BEAUTY	5708189	March 26, 2019

We have worked, and will continue to work, with our affiliate to ensure that our affiliate files all affidavits and other documents with the USPTO to maintain the federal registration described above. Our affiliate entered into a license agreement with us that is effective as of March 1, 2017, under which we were granted a perpetual, worldwide license to use, and sublicense third parties the right to use, the Proprietary Marks in connection with the System and IDOLIZE franchises (the “License Agreement”). Other than this License Agreement, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise. In the event this License Agreement is terminated, your rights to use the Proprietary Marks will not be materially altered.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

As of the Issue Date of this Disclosure Document, there is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor

are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term “IDOLIZE” or any similar phrase.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three (3) days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including our Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System, and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation,

or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as an Exhibit. Under this confidentiality agreement, these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any Franchised Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

While we recommend that you personally participate and manage the day-to-day operations of your Franchised Business, you may hire a Designated Manager to manage daily operations with our approval. Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has completed our Initial Training Program and otherwise demonstrated that he/she has a good handle on our System standards and specifications for daily operations of an IDOLIZE Beauty Spa. If the franchisee is a business entity, we do not require the Designated Manager to own an interest in the entity, but the Designated Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement. You must require all of your employees and staff to sign our prescribed form of Confidentiality and Non-Competition Agreement.

Your Franchised Business must, at all times, be managed and staffed with at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Franchised Business, you must have a properly trained Designated Manager at each Beauty Spa that you own and operate. You must keep us informed at all times of the identity of any personnel acting as Designated Manager and obtain our approval before substituting a new Designated Manager at any of your locations.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any specialized/licensed personnel that must be independently licensed to perform certain of the Approved Services at your Beauty Spa. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

If you are an individual, then your spouse will also be required to sign the Franchise Agreement or, in the alternative, form of Personal Guaranty attached to the Franchise Agreement as an Exhibit (the “Guaranty”). If you are a business entity (limited liability company, corporation, partnership, etc.), then (a) each of your shareholders/members/partners (the “Owners”), as applicable, must sign the Guaranty, and (b) at our option, the spouses of each such Owner must sign the Guaranty.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and must offer only the Approved Products and Services that we expressly authorize through your Franchised Business and must only offer these products and services at the Premises and in the manner prescribed in your Franchise Agreement and our Manuals. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the Premises of your Franchised Business for any other business purpose other than the operation of your Franchised Business.

There are no territorial restrictions from accepting business from customers that reside/work or are otherwise based outside of your Designated Territory if these customers contact you and/or visit your Franchised Business. You may solicit prospective customers outside of your Designated Territory, provided (a) these prospective customers do not reside within the territory granted to another franchisee or Beauty Spa and (b) you obtain our prior written consent. You may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales inside or outside of your Designated Territory.

You must also permit redemption of any IDOLIZE gift card as specified in the Manuals or otherwise in writing, and be advised that we may sell such gift cards to customers via alternative channels of distribution.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise or Other Agreement	Summary
a.	Term of the Franchise	Section 3	The initial term is for 10 years commencing on the date we sign your Franchise Agreement.
b.	Renewal or extension of the term	Section 3	You have the right to be considered for two (2) additional, successor terms 10-year terms.
c.	Requirements for franchisee to renew or extend	Section 3	In order to be eligible for a successor term you must: (i) not have any uncured material defaults; (ii) not have received more than 3 notices of material default within the 12-month period preceding the successor term request date or successor date; (iii) execute our then-current form of franchise agreement, which may have materially different terms and conditions from your original franchise agreement; (iv) pay a successor agreement fee; (v) attend prescribed refresher training courses; (vi) execute a general release; (vii) have participated in all of our procedures, promotions and other activities required by us; and (viii) agree to refurbish the Premises as necessary.
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with “cause”	Section 15	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	“Cause” defined – curable defaults	Sections 15(B)(10), 15(B)(13), and 15(B)(15)	You must cure all monetary defaults under your Franchise Agreement within 10 days of being provided with notice by us, as well as the following defaults: failure to offer only those Approved Products and Services that we authorize; any purchase of any non-approved item or service for use in connection with the Franchised Business; failure to purchase any Required Item from the appropriate Approved Supplier(s); failure to pay any amount owed; and failure to obtain/maintain any required permits or licensed.
		Section	You must cure any failure to comply with any law or

	Provision	Section in Franchise or Other Agreement	Summary
		<p>15(B)(14)</p> <p>Section 15(B)(12)</p> <p>Section 15(C)</p>	<p>regulation applicable to the operation of the Franchised Business within 15 days' notice.</p> <p>You must cure any failure to provide us with access to the Computer System and/or registers at the Franchised Business within 24 hours' notice.</p> <p>Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).</p>
h.	"Cause" defined - defaults which cannot be cured	<p>Section 15(A)</p> <p>Section 15(B)</p>	<p>Your Franchise Agreement may be terminated automatically and without notice from us if: you become insolvent or make a general assignment for the benefit of creditors; a bankruptcy petition is filed by or against you and not dismissed within 30 days; a bill in equity or appointment of receivership is filed in connection with you or the Franchised Business; a receiver or custodian of your assets of property is appointed; a final judgment in the amount of \$10,000 or more is entered against you and not satisfied within 60 days (or longer period if we consent); you attempt to make an invalid transfer in violation of Section 13 of your Franchise Agreement.</p> <p>Your Franchise Agreement may be terminated by us upon written notice and no opportunity to cure if: (i) you commit any fraud or misrepresentation in connection with your Franchised Business; (ii) you or other required attendees fail to timely complete our Initial Training Program; (iii) you receive three or more notices to cure the same or similar defaults under Section 15(C) of your Franchise Agreement in any 12-month period (whether or not subsequently cured); (iv) you violate any in-term restrictive covenants; (v) you misuse the Proprietary Marks, Confidential Information or other confidential information provided to you; (vi) misuse an proprietary software that might be developed; (vii) you fail to cure any default under any other agreement you have with our affiliates or any Approved Supplier within the appropriate cure period; (viii) you default under your lease for the Premises and fail to timely cure; (ix) you fail to open and commence operations within the required time period; (x)</p>

	Provision	Section in Franchise or Other Agreement	Summary
			you abandon your Franchised Business; (xi) you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; (xii) you take any property of the Franchised Business for personal use;(xiii) there are insufficient funds in your ACH Account on three or more occasions in any 12-month period;(xiv) or if you commit repeated violations of any applicable law.
i.	Franchisee’s obligations on termination/non-renewal	Section 16	Upon termination or early expiration of the Franchise Agreement, your obligations include: immediately discontinuing the use of the Proprietary Marks and trade dress; ceasing doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; paying us any outstanding amounts due to us; return of the Manuals of any other Confidential Information to us; providing us with all customer information, lists and membership agreements; cancel or, at our option, assigning us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee; complying with all post-term restrictive covenants; and providing us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 13(G)	No restrictions on our right to assign.
k.	“Transfer” by franchisee – defined	Sections 13(A) and 13(C)	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you (as the Franchisee).
l.	Franchisor approval of transfer by franchisee	Section 13(A)	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m	Conditions for franchisor approval of transfer	Section 13(E)	We have the right to impose the following conditions on any transfer by you: (i) all of your obligations under the Franchise Agreement have been satisfied; (ii) you must cure all existing defaults under the Franchise Agreement; (iii) you must execute a general release in our favor (as well as related parties); (iv) you or the transferee must provide us with the executed purchase agreement, and transferee must assume all of your obligations under the Franchise Agreement; (v) the new franchisee must meet our then-current qualifications and criteria for a new franchisee; (vi) transferee must execute our then-current

	Provision	Section in Franchise or Other Agreement	Summary
			form of franchise agreement; (vii) transferee must pay our Transfer Fee and successfully complete our Initial Training Program; (viii) you must comply with all post-term obligations; (ix) transferee must obtain or maintain all necessary permits and licenses; (x) lessors, as necessary, must consent to the assignment of the lease; (xi) transfer must be made in compliance with all laws; (xii) the purchase price and other terms of the assignment must not be so burdensome as to impair the transferee's success; (xiii) and you must request that we provide our then-current Franchise Disclosure Document to the transferee; and (xiv) we have the right to disclose any information pertaining to you or the Franchised Business to a prospective transferee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13(D)	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party <i>bona fide</i> offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.
o.	Franchisor's option to purchase franchisee's business	16(G)	We have the right, but not the obligation, to purchase all or any portion of the assets of your Franchised Business upon expiration/termination of your Franchise Agreement at the net depreciated book value.
p.	Death or disability of franchisee	Section 13(B)	You will have a period of 180 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our Initial Training Program and pays the appropriate tuition fee. During this 180-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.
q.	Non-competition covenants during the term of the franchise	Section 14(A)	Neither you, your principals, guarantors, owners or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners or Designated

	Provision	Section in Franchise or Other Agreement	Summary
			Managers, may: (i) own, operate, or otherwise be involved with, a Competing Business (as defined in the Franchise Agreement); (ii) employ or seek to employ any of our employees or us or our affiliates or induce such persons to leave their employment; or (iii) divert, or attempt to divert, any prospective customer to a Competing Business.
r.	Non- competition covenants after the franchise is terminated or expires	Section 14(B)(1)	For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, or Designated Managers, may own, operate or otherwise be involved with any business that competes with us and is involved in the licensing or franchising, or establishing of joint ventures for the operation of, any Competing Business.
		Section 14(B)(2)	For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, or Designated Managers, may own, operate or otherwise be involved with any Competing Business: (i) at the Premises or within your Designated Territory; or (ii) within a 25-mile radius of (a) the Designated Territory or (b) any other IDOLIZE Beauty Spa that is open, under lease or otherwise under development as of the date the Franchise Agreement expires or is terminated. During this two-year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; (ii) contacting any of our suppliers/vendors for a competitive business purpose; or (iii) soliciting any employees of us or our affiliates to discontinue their employment.
s.	Modification of the agreement	Section 18(D)	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.

	Provision	Section in Franchise or Other Agreement	Summary
t.	Integration/merger clause	Sections 18 and 22	Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 21(B) Section 21(C)	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters. You must notify us of any potential disputes, and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.
v.	Choice of forum	Section 21(E)	Subject to Sections 21(C) and (D) of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be brought in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the Western District of North Carolina. (subject to state law).
w.	Choice of law	Section 21(A)	The Franchise Agreement is governed by the laws of the state of North Carolina, without reference to this state's conflict of laws principles (subject to state law).

**THE FRANCHISE RELATIONSHIP
(UNDER THE MULTI-UNIT DEVELOPMENT AGREEMENT)**

This table lists certain important provisions of the multi-unit development agreement. You should read these provisions in the agreement attached to this disclosure document.

	Provision	Section in Multi-Unit Development Agreement	Summary
a.	Length of the franchise term	Art. 4	As determined by you and us based on the number of IDOLIZE outlets you are to develop.
b.	Renewal or extension of the Term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 6.6	The Multi-Unit Development Agreement and any Franchise Agreements will terminate automatically upon your death or permanent disability, unless prohibited by law and the Development Rights are transferred within 6 months to a replacement developer that we approve.
f.	Termination by franchisor with cause	Article 7	We may terminate only if you default. The Multi-Unit Development Agreement and the Franchise Agreement describe defaults throughout. Please read both carefully.
g.	“Cause” defined – curable defaults	Section 7.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Multi-Unit Development Agreement, the Franchise Agreement and described in h. immediately below).

h.	“Cause” defined - non-curable defaults	Sections 7.1 and 7.2	<p>The Multi-Unit Development Agreement and all Franchise Agreements will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Multi-Unit Development Agreement and all Franchise Agreements upon notice to you if you: misrepresent or omit a material fact in applying for the Development Rights; falsify any report to us; fail to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of Developer’s IDOLIZE outlets, including, but not limited to, the failure to pay taxes; fail to develop the IDOLIZE outlets in accordance with the Mandatory Development Schedule; attempt a transfer in violation of the Franchise Agreement; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; fail to comply with non-competition covenants; default, or your affiliate defaults, under any other agreement, including any Franchise Agreement, with us or any of our affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or terminate the Multi-Unit Development Agreement or Franchise Agreement without cause.</p>
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	Provision	Section in Multi-Unit Development Agreement	Summary
i.	Franchisee’s obligations on termination/ non-renewal	Section 7.4	Upon termination, you must: cease all development operations and comply with the non-disclosure and non-competition covenants.
j.	Assignment of contract by franchisor	Section 6.1	No restrictions on our right to assign.
k.	“Transfer” by franchisee defined	Section 6.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Multi-Unit Development Agreement or Development Rights.
l.	Franchisor approval of transfer by franchisee	Sections 6.2, 6.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 6.3 and 6.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying developers; you have paid us all amounts owed; transferee signs our then-current form of Multi-Unit Development Agreement, which may have materially different terms from your Multi-Unit Development Agreement; you and the transferee sign a General Release in the form of Attachment 3 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; our approval of the material terms and conditions of the transfer; Developer shall pay Franchisor a transfer fee equal to Fifteen Thousand Dollars (\$15,000.00); provided however, (i) for transfers to an existing IDOLIZE area developer or franchisee, who is in good standing with Franchisor, the transfer fee is Ten Thousand Dollars (\$10,000.00), and (ii) for a transfer to a spouse, parent or child upon death or permanent disability of Developer, the transfer fee is Two Thousand Five Hundred Dollars (\$2,500.00).

	Provision	Section in Multi-Unit Development Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 6.5	You must promptly notify us of any written offer to purchase your Development Rights. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Section 6.6	The Multi-Unit Development Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Development Rights are transferred within 6 months to a replacement developer that we approve.
q.	Non-competition covenants during the term of the franchise	Section 8.3.1	You may not: divert, or attempt to divert, customers of any IDOLIZE outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.

	Provision	Section in Multi-Unit Development Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 8.3.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any IDOLIZE outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your former IDOLIZE outlet location or any other IDOLIZE outlet location; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section 12.4	No oral modifications. No amendment of the provisions will be binding upon either party unless the amendment has been made in writing and executed by all interested parties.
t.	Integration/merger clause	Section 12.4	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Multi-Unit Development Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 10.1, 10.2, 10.3, and 10.4	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, and post-termination obligations, subject to applicable state law.
v.	Choice of forum	Section 10.5	North Carolina, subject to applicable state law.
w.	Choice of law	Section 10.5	North Carolina law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to do so in the future.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

PART I. BACKGROUND

As of December 31, 2022, there were eleven (11) IDOLIZE Spas open and operating.

Six (6) of these spas are each owned by one (1) of our affiliates as further detailed in Item 1. Three (3) of these six (6) spas are representative and are included in this disclosure (each, an "Affiliate-Owned Spa" and collectively, the "Affiliate-Owned Spas"). The reasonable basis for inclusion of this Financial Performance Representation is the representative Affiliate-Owned Spas are similar to the Franchise being offered under this Disclosure Document in terms of square footage, operations, computer system, and Product offerings. The operational characteristics that make the representative Affiliate-Owned Spas different are that they do not expend any minimum amount on local advertising and are not subject to territorial advertising or service restrictions. Each of the representative Affiliate-Owned Spas operates in a territory equivalent to a franchise territory as offered in this disclosure document.

Three (3) of these Affiliate-Owned Spas are not representative and are not included in this Financial Performance Representation. Spa #1 and Spa #2 are not representative because both are mall kiosks, a model which we are no longer offering as a franchised business. Spa #3 was transferred in February 2022.

Out of the Franchisee owned locations, 2 opened in 2022 (1 in July and 1 in November). There were 3 Franchise Spas already open at the beginning of 2022 (excluded the spa that transferred ownership) We have included two in this disclosure (each, a "Franchised Spa" and collectively, the "Franchised Spas"). The reasonable basis for inclusion in this Financial Performance Representation is the Franchise-Owned Spas are similar to the Franchise being offered under this Disclosure Document in terms of square footage, operations, computer system, and Product offerings. These spas each pay Royalty Fees and Brand Fund Contributions and are subject to franchise agreements similar to that offered by this disclosure document. Each of the Franchised Spas operates in a territory equivalent to that offered in this disclosure document.

Table I (a) below presents certain characteristics for three Affiliate-Owned Spas which are described above. Affiliate Owned Spas 1 and 2 are not represented because they are mall kiosk models, which are no longer

representative of the franchise model that we offer.

<u>Table I (a)</u>	Affiliate Owned Spa 3	Affiliate Owned Spa 4	Affiliate Owned Spa 5
Location	Charlotte NC	Charlotte NC	Charlotte NC
Spa Size (square feet)	1,600	1,142	1,150
Date Opened	November 2010	April 2014	November 2014
Cumulative Operating Months	155	105	100

Table I (b) below presents certain characteristics for two of our Franchised Spas which are described above, each of which are included in this disclosure. One of the four locations is not representative because it changed owners and was not operated under the same ownership for twelve months. The fourth spa did not provide financial statements.

<u>Table I (b)</u>	Franchised Spa 1	Franchised Spa 2
Location	Raleigh NC	Charlotte NC
Spa Size (square feet)	1,320	1,231
Date Opened	18-Jul	19-Apr
Cumulative Operating Months	42	33

PART III FINANCIAL PERFORMANCE

This Item 19 sets forth certain historical information for the Affiliate-Owned Spas and Franchised Spas for the period of time beginning on January 1, 2022, and ending on December 31, 2022 (the “Measurement Period”). The gross sales information and expense information set forth in this Item 19 is derived from the Affiliate-Owned Spas’ accounting software and from Franchised Spas, reporting to us.

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

Affiliate-Owned Spas

Table II (a) below presents certain 2022 revenue and expense information for our three representative Affiliate-Owned spas which are described above, all of which have been operating for more than five calendar years as of December 31, 2022. Each spa was open for the full 12 months of 2022.

<u>Table II (a)</u>	Affiliate Owned Spa 3	Affiliate Owned Spa 4	Affiliate Owned Spa 5	Average	% of Gross Sales
Total Gross Sales	\$270,853	\$639,251	\$361,502	\$423,868	100.00%
Cost of Goods Sold					
Products	\$1,776	\$33,844	\$7,983	\$18,215	
Payroll	\$83,799	\$194,554	\$84,465	\$116,161	
Total Cost of Goods Sold	\$85,575	\$228,398	\$92,447	\$134,376	31.70%
Gross Profit	\$185,278	\$410,853	\$269,054	\$254,095	59.95%
Gross Profit %	68.41%	64.27%	74.43%	59.95%	
Rent	\$49,576	\$51,736	\$34,947	\$2,568	
Payroll Taxes	\$8,474	\$25,660	\$12,442	\$69,735	
Credit Card Processing	\$6,945	\$17,887	\$9,314	\$3,508	
Advertising and Marketing	\$1,861	\$5,024	\$13,714	\$1,745	
Professional Fees	\$5,528	\$5,427	\$5,443	\$325	
Telephone and Internet	\$1,737	\$2,059	\$1,984	\$14,314	
Utilities	\$0	\$3,485	\$2,102	\$3,314	
Supplies	\$1,191	\$2,684	\$1,271	\$12,030	
Insurance	\$461	\$461	\$461	\$1,406	
Other Expenses	\$2,772	\$6,468	\$3,862	\$18,045	
Total Expenses	\$78,546	\$120,890	\$85,541	\$126,990	29.96%
Franchise Expenses					
Royalty 6% Sales	\$16,251	\$38,355	\$21,690	\$23,308	
Brand Fund 1% Sales	\$2,709	\$6,393	\$3,615	\$3,885	
Technology \$100/mo.	\$1,200	\$1,200	\$1,200	\$1,200	

Advertising	\$2,639	\$6,976	\$0	\$12,000	
Total Franchise					
Expenses	\$22,799	\$52,924	\$26,505	\$40,393	9.53%
Net Profit as a Franchise	\$47,073	\$237,039	\$157,009	\$86,712	20.46%
Net Profit % of Sales	17.38%	37.08%	43.43%	20.46%	

Franchised Spas

See note regarding Franchised Spas with Table 1b.

Table II (b)							
Results of Our Reporting Franchised Locations							
Measurement Period 2022							
		Location 1	Location 2				
		2022 Measurement Period	2022 Measurement Period			Low Median	Median
		Amount	Amount	Average	High		
Gross Sales		\$ 502,088	\$ 512,760	\$ 507,424	\$ 512,760	\$ 502,088	\$ 507,424
<u>Less</u>	<u>Cost of Services Provided:</u>						
	Products	\$ 16,138	\$ 24,800	\$ 20,469	\$ 24,800	\$ 16,138	\$ 20,469
	Payroll	\$ 117,098	\$ 167,221	\$ 142,160	\$ 167,221	\$ 117,098	\$ 142,160
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Cost of Services Provided	\$ 133,236	\$ 192,021.00	\$ 162,629	\$ 192,021	\$ 133,236	\$ 162,629
Gross Profit		\$ 368,852	\$ 320,739	\$ 344,796	\$ 368,852	\$ 320,739	\$ 344,796
<u>Less Disclosed Expenses:</u>							
	Rent	\$ 50,699	\$ 52,678	\$ 51,688	\$ 52,678	\$ 50,699	\$ 51,688
	Payroll Taxes	\$ 26,008	\$ 20,676	\$ 23,342	\$ 26,008	\$ 20,676	\$ 23,342
	Credit Card Processing	\$ 11,330	\$ 4,949	\$ 8,140	\$ 11,330	\$ 4,949	\$ 8,140

Advertising and Marketing	\$ 36,703	\$ 18,934	\$ 27,819	\$ 36,703	\$ 18,934	\$ 27,819
Professional Fees	\$ 2,298	\$ 2,726	\$ 2,512	\$ 2,726	\$ 2,298	\$ 2,512
Telephone and Internet	\$ 1,728	\$ -	\$ 864	\$ 1,728	\$ -	\$ 864
Utilities	\$ 3,292	\$ 5,767	\$ 4,530	\$ 5,767	\$ 3,292	\$ 4,530
Supplies	\$ 11,195	\$ 9,106	\$ 10,151	\$ 11,195	\$ 9,106	\$ 10,151
Insurance	\$ 3,067	\$ 2,450	\$ 2,759	\$ 3,067	\$ 2,450	\$ 2,759
All Other Expenses	\$ 4,829	\$ 13,695	\$ 9,262	\$ 13,695	\$ 4,829	\$ 9,262
Gross Profit Less Disclosed Expenses	\$ 217,703	\$ 189,758	\$ 203,731	\$ 217,703	\$ 189,758	\$ 203,731
Less: adjustments for other recurring franchisee related expenses that will be incurred by you but that were not incurred by our Reporting Company Owned Outlet.2						
Royalty Fee	\$ 30,901	\$ 30,164	\$ 30,532	\$ 30,901	\$ 30,164	\$ 30,532
Brand Development Fee	\$ 5,176	\$ 5,624	\$ 5,400	\$ 5,624	\$ 5,176	\$ 5,400
Local Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Technology Fee	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	\$ 179,226	\$ 151,570	\$ 165,398	\$ 179,226	\$ 151,570	\$ 165,398

PART IV. TRANSACTIONS AND AVERAGE UNIT SALES

Affiliate-Owned Spas

Table III (a) below presents certain information on number of transactions and average sale experienced during 2022 for our three representative Affiliate-Owned Spas which are described above, all of which have been operating for more than six calendar years as of December 31, 2022. Each spa was open for the full 12 months of 2022. The data contained in this table was reported by each Affiliate-Owned spa based on data taken from its point-of-sale system.

<u>Table III (a)</u>	Affiliate Owned Spa 3	Affiliate Owned Spa 4	Affiliate Owned Spa 5	Average	Number Equal or Above Average
Total Transactions	18,941	33,514	24,340	25,598	1
Average Transaction	\$14.64	\$19.77	\$15.23	\$16.55	1

Table III (b) below presents certain information on number of transactions and average sale experienced during 2022 for two Franchised Spas which are described above, which had been open for at least 24 months as of December 31, 2022

<u>Table III (b)</u>	Franchised Spa 1	Franchised Spa 2	Average	Number Equal or Above Average
Total Transactions	17,433	17,757	17,595	1
Average Transaction	\$30.50	\$28.95	\$29.73	1

PART IV. REVENUE GROWTH OF AFFILIATE OWNED SPAS 2018-2022

Table IV below presents historical revenue information on each of the representative Affiliate-Owned Spas which are described above for the years 2018 through 2022. Each of those spas operated for the full twelve months of each year, with the exception of 2020.

During 2020, the nation was stricken by a global pandemic COVID-19. In an attempt to slow the spread of COVID-19, the governor of North Carolina, where the Affiliate-Owned Spas and the Franchised Spas are located enacted business restrictions which impacted the results of the Affiliate-Owned Spas and the Franchised Spas performance during 2020.

1. From March 23, 2020, through May 22, 2020, personal services facilities in the State of North Carolina were not permitted to be open. No business of any sort was permitted. Our Affiliate Owned Spas and Franchised Spas voluntarily closed on March 18, 2020, in advance of the government orders and voluntarily delayed reopened until May 25, 2020.
2. From March 23, 2020, through May 22, 2020, retail establishments were permitted to open for limited hours and at limited capacity. Personal services were not permitted to be provided. Our Affiliate-Owned Spas and Franchised Spas were permitted to sell retail products only during this period.
3. From May 23, 2020, through September 1, 2020, personal services facilities in North Carolina were permitted to open but were limited to maximum occupancy of 50% of capacity. Our Affiliate Owned Spas and Franchised Spas adhered to these restrictions.

The products and services provided by each of the Affiliate-Owned Spas is substantially similar to the products and services to be provided by a franchised business offered by this disclosure document.

Table IV	2018	2019	2020	2021	2022
Affiliate Owned Spa 3	\$293,991	\$323,689	\$233,435	\$301,648	\$ 277,296
Affiliate Owned Spa 4	\$432,032	\$492,193	\$338,338	\$526,361	\$ 662,572
Affiliate Owned Spa 5	\$362,003	\$375,806	\$246,464	\$257,353	\$ 370,698

Average Spa	\$380,500	\$390,466	\$253,075	\$330,084	\$ 436,855
Highest Spa	\$466,931	\$492,193	\$338,338	\$526,361	\$ 662,572
Lowest Spa	\$293,991	\$317,362	\$196,871	\$255,829	\$ 277,296
Median	\$362,003	\$375,806	\$246,464	\$301,648	\$ 370,698
Number Equal or					
Above	1	1	1	1	1

Notes:

- 1) Gross Sales is defined as the dollar aggregate of the sales price on all goods, products and services sold by the spa during the Measurement Period, whether sold for cash, for payments by check, on credit, or otherwise, without reserve or deduction for the inability or failure to collect for the same from a customer, and specifically includes all other things of value received by the store as payment in the course of such operations. The Annual Gross Sales were reported to us by each affiliate owned spa from its Point-of-Sale system.
- 2) Cost of Goods Sold represents the cost of retail products sold which are a part of Gross Sales, as well as labor costs to provide the services.
- 3) Gross Profit is defined as Total Gross Sales minus Total Cost of Goods Sold.
- 4) Gross Profit % is the percentage result of dividing Gross Profit into Total Gross Sales.
- 5) Total Expenses represents the mathematical addition of each of the expense categories listed. It does not include certain expenses, specifically Interest, Taxes, Depreciation and Amortization. It also does not include any compensation or salary for the owner.
- 6) Franchise Expenses represents costs which were not incurred by our Affiliate because it does not operate as a franchise. Had our Affiliate been operating under the current franchise agreement, it would have incurred the listed costs as detailed in Item 6 of this document.
- 7) Net Profit as a Franchise represents Gross Profit (as defined above) minus the sum of Total Expenses plus Franchise Expenses (as defined above)
- 8) Total Transactions is defined as the total number of customers serviced during the Measurement Period. The Total Transactions were reported to us by each spa from its Point of Sale system.
- 9) Average Transaction is the mathematical result of dividing Gross Sales by Total Transactions for the Measurement Period.

General Notes to Item 19

- 1) This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your business. Operating costs and expenses may vary from business to business. This Item 19 also does not contain any information about fees that you must pay to us, such as royalty or

advertising fees or other expenses such as rent.

2) We have not audited this information, nor independently verified this information. Written substantiation of the data used in preparing this information is available upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Manojkumar Pandoria at 8058 Corporate Center Drive, Suite 250, Charlotte, NC 28211, 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**

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
<u>Franchised</u>	2020	2	4	+2
	2021	4	4	0
	2022	4	5	+1
<u>Company- Owned*</u>	2020	6	5	-1
	2021	5	5	0
	2022	5	6	+1
<u>Total Outlets</u>	2020	8	9	+1
	2021	9	9	0
	2022	9	11	+2

*These outlets are owned and operated by our 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
Total	2020	0
	2021	0
	2022	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
NC	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	1	0	2
NJ	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
OH	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
TX	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	1	0	5

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 the Year
NC*	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
	2022	5	0	1	0	0	6
Virginia*	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	6	0	0	1	0	5
	2021	5	0	0	0	0	5
	2022	5	0	1	0	0	6

*These outlets are owned and operated by our affiliates.

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

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	2	0
Georgia	0	1	0
New Hampshire	0	1	0
TOTALS:	0	4	0

A list of the names of all of our current IDOLIZE franchisees, along with the addresses and telephone numbers of their respective franchises, are set forth in Exhibit F to this Disclosure Document.

We do not have any franchisees that have left the System in the past fiscal year or otherwise not communicated with us in the 10 weeks prior to the Issue Date of this Disclosure Document. The name, city, state and current business telephone number (if known) of every IDOLIZE franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, will be listed on Exhibit F to this Disclosure Document when applicable. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the IDOLIZE System. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit D of this Disclosure Document contains our audited financial statements for the period ending December 31, 2020, December 31, 2021, and December 31, 2022. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement (and Attachments)	Exhibit B
Multi-Unit Agreement	Exhibit C
State Specific Addenda	Exhibit E
Sample Termination and Release	Exhibit H

ITEM 23 RECEIPTS

Exhibit J to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us at 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226.

**EXHIBIT A
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT**

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

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE AGREEMENT

IDOLIZE FRANCHISING LLC
FRANCHISE AGREEMENT

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Attachment 1: Data Sheet

Attachment 2: Form of Spousal Guaranty

Attachment 3: Form of Collateral Assignment of Lease

Attachment 4: EFT Withdrawal Authorization Form

Attachment 5: Form of Confidentiality and Non-Competition Agreement (for use by Franchisee for Management Personnel of the Franchised Business and Officers/Directors of the Franchisee)

Attachment 6: Internet Advertising, Social Media and Telephone Account Agreement

**IDOLIZE FRANCHISING LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on this day of _____ (“Effective Date,”) by and between: (i) IDOLIZE Franchising, LLC, a North Carolina limited liability company with its principal place of business at 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226 (the “Franchisor and _____, a(n) _____, with its principal place of business located at _____ and _____’s principal(s) _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

RECITATIONS

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “System”) related to the establishment, development, opening, and operation of a business that features fast, affordable, and effective spa services, such as eyebrow and facial threading, lash and brow services, waxing, facials and alternative hair removal services (the “Approved Products and Services”) provided to clients by a staff of trained professionals (each, a “Beauty Spa” or “Franchised Business”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Beauty Spa; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Beauty Spa; standards and specifications for the furniture, fixtures and equipment located within a Beauty Spa; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, advertising, bookkeeping, sales and other aspects of operating a Beauty Spa. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Beauty Spas are identified by the mark IDOLIZE, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, the “Proprietary Marks”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified individuals and entities a franchise for the right to independently own and operate a single Beauty Spa utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor's high and uniform standards of quality, appearance, and service to the value of the System.

F. Franchisee desires to acquire a non-exclusive franchise for the right to operate a single IDOLIZE Beauty Spa from an approved location and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Beauty Spa based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

- A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.
- B. The business venture contemplated by this Agreement involves business risks.
- C. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.
- D. Franchisee has received, read, and does understand this Agreement and any attachments.
- E. Franchisee understands and agrees that the hair removal and beauty industry is highly competitive with constantly changing market conditions.
- F. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.
- G. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.
- H. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.

- I. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).
- J. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing.
- K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.
- L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.
- M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including those that are specifically required to offer and provide hair removal, esthetic and related services, that are necessary to operate the Franchised Business at the Premises (defined below) and within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee is located.
- O. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of an IDOLIZE Beauty Spa; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

2. **GRANT OF FRANCHISE**

- A. **Grant of Franchise.** Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single IDOLIZE Beauty Spa (the "Franchised Business").

- B. **Approved Premises; Site Selection Area.** The Franchised Business must be operated from a single location that Franchisor reviews and approves (the “Premises”). If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the “Site Selection Area”) on the data sheet attached to this Agreement as Attachment 1 (the “Data Sheet”) wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised Beauty Spa within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Beauty Spa, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.
- C. **Relocation of Premises.** Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor’s prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below) that meets Franchisor’s then-current site selection criteria for the premises of an IDOLIZE Beauty Spa; and (ii) Franchisee pays Franchisor a relocation fee amounting to the costs and expenses Franchisor incurs in approving the relocation.
- D. **Designated Territory.** Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or operate, or license a third party the right to open or operate, another IDOLIZE Beauty Spa utilizing the System and Proprietary Marks (the “Designated Territory”), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by Franchisor, will be described in the Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.
1. There are no territorial restrictions for a Franchisee to accept business from customers that reside/work or are otherwise based outside of the Designated Territory if these customers contact Franchisee and/or visit the Franchised Business.
 2. Franchisee may not solicit prospective customers outside of the Designated Territory, unless (a) these prospective customers do not reside within the territory granted to another franchisee or other IDOLIZE Beauty Spa location, and (b) Franchisee obtains Franchisor’s prior written consent.
- E. **Rights Not Granted.** Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Beauty Spas and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises and within the Designated Territory. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Beauty Spas, each of which will be governed by a separate form of Franchisor’s then-current franchise agreement.

- F. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) establish and operate, and license any third party the right to establish and operate, other Beauty Spas and Franchised Businesses using the Proprietary Marks and System at any location outside of the Designated Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory; (iii) use the Proprietary Marks and System, other such marks Franchisor may designate, to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside the Designated Territory; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Agreement and; and (vi) own and operate Beauty Spas in “Non-Traditional Sites” including, but not limited to, shopping centers, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside the Designated Territory.
- G. **Modification of System.** Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee’s fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Operations Manual or otherwise).

3. **TERM AND RENEWAL**

- A. **Term.** Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years (“Initial Term”) commencing as of the Effective Date.
- B. **Successor Term.** Franchisee may submit a request a Successor Term Agreement for up to two (2) additional, consecutive terms of ten (10) years, and must provide each request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to enter into a successor term agreement. Franchisor shall not unreasonably withhold its approval of such requests for successor term, provided Franchisee complies with the following conditions:
1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee’s successor term request or at the time of successor term; and (ii) received more than three (3) separate, written notices of material default from Franchisor with respect to this

Agreement in the 12-month period preceding the renewal request date or renewal date.

2. Franchisee must execute Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.
3. Franchisee pays Franchisor a successor term fee amounting to twenty-five percent (25%) of the then current Initial Franchise Fee (subject to a minimum of \$8,125) at least ninety (90) days prior to the expiration of the then-current term. Franchisee will not be required to pay an additional Initial Franchise Fee (as defined in Section 4) upon renewal.
4. Franchisee and/or the Designated Manager (as defined in this Agreement and as applicable) attends a prescribed training refresher course at least thirty (30) days before the expiration of the then-current term of this Agreement. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.
5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.
6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.
7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Beauty Spa within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened IDOLIZE Beauty Spa.

4. FEES AND PAYMENTS

- A. **Fees.** In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:
 1. Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee of Forty-Nine Thousand Five Hundred Dollars (\$49,500.00) (the "Initial Franchise Fee"), which fee shall be deemed fully earned and non-refundable under any circumstances upon payment. Our Initial Franchise Fee is uniform, except that we will discount the Initial Franchise Fee to Thirty Nine Thousand Five Hundred Dollars (\$39,500) to staff and managers of our affiliate

locations that have been employed by our affiliate for at least two (2) years. We currently offer a Veteran discount of \$2,500 for the first unit purchased. Discounts to the Initial Franchise Fee may not be combined.

2. On or before the Wednesday (or other day Franchisor designates) of each week the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee amounting to the greater of: (i) six percent (6%) of the Gross Sales (as defined in Section 4(D)) generated by the Franchised Business in the preceding week (the "Royalty Fee") beginning Monday when the Franchised Business opens and ending Sunday when the Franchised Business closes (the "Business Week"); or (ii) a minimum Royalty Fee amounting to \$250 per week. Notwithstanding the above, Franchisee will not be subject to the minimum Royalty Fee until the fourteenth (14th) week of operations.
3. At the same time and in the same manner the Franchisee is required to pay the Royalty Fee, Franchisee will be required to contribute to a creative brand fund (the "Fund") that Franchisor has established to promote the brand, Proprietary Marks and System, with such contribution being between one percent (1%) and two percent (2%) of the Gross Sales of the Franchised Business during the preceding Business Week and as described more fully in Section 9(E) of this Agreement.
4. Franchisee must pay a monthly technology fee. You will pay half of the monthly Technology Fee in the amount of \$250 per month when the Franchise Agreement is signed until construction begins. Once construction begins the fee will be \$500 per month for technology related services that the Franchisor may provide during the term of this Agreement, including (a) website development and hosting, (b) establishing a System-wide intranet or other type of website portal for the System (a "Website Portal") of any kind, or (c) any other technology that Franchisor determines appropriate, in its discretion, for use in connection with your Franchised Business and determines to provide as part of the Technology Fee.
5. All other training/tuition fees, evaluation fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates must be paid on an ongoing basis, as described more fully in this Agreement.

- B. **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Attachment 4 to this Agreement, necessary to effectuate the EFT Program and

Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account.

- C. **Access to Computer System.** Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee's computer system used in connection with the Franchised Business (the "Computer System") via the Internet, other electronic means or by visiting the Beauty Spa, in order to obtain Gross Sales, tenant occupancy rates, customer lists and information, and other available information that Franchisor reasonably requests about the Franchised Business. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement. Franchisee must obtain and use the Computer System hardware, software and other components that Franchisor prescribed for use in connection with the Franchised Business and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System. Franchisor may require Franchisee to use a Computer System and/or related software that is administered through Franchisor and that provides Franchisor with automatic access to all data and reports that might be created by such Computer System and/or software.
- D. **Gross Sales.** "Gross Sales" means the total revenue generated by your Franchised Business, including all revenue generated from the sale and provision of any and all Approved Products and Services at or through your Franchised Business and all proceeds from any business interruption insurance related to the non-operation of your Franchised Business, whether such revenues are evidenced by cash, check, credit, as a redemption of a gift card, charge, account, discount, barter or exchange. No reduction shall be made to Gross Sales based upon any discount offered in store or via any third party website or promotional marketing program. "Gross Sales" does not include any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services.
- E. **Gross Sales Reports; Right to Modify Payment Interval.** On or before Monday of each week, Franchisee must send Franchisor a signed Gross Sales report (a "Gross Sales Report") detailing the following information: (i) Gross Sales of the Franchised Business from the preceding Business Week; (ii) Franchisee's calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding Business Week; and (iii) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time.
1. The parties agree and acknowledge that Franchisor may require Franchisee to use a Computer System and/or software in connection with the Franchised Business that provides Franchisor with automatic access to Gross Sales Reports and any other data/reports generated by such Computer System and/or software, but in no event shall such access by Franchisor affect Franchisee's obligation to provide all reports required under this Franchise Agreement unless Franchisor agrees otherwise in writing.

2. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee's Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than weekly basis). In such event, Franchisee's reporting obligations may also be modified by Franchisor accordingly.
- F. **Taxes Owed by Franchisee.** No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor.
- G. **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interests in the real estate where the franchise is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.
1. Notwithstanding anything contained in this Section of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.
 2. The parties agree that Franchisor will not execute on any security interest granted to Franchisor under this Section of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).
- H. **Inability to Operate Franchised Business.** If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.

- I. **Compliance with Gift Card Redemption Policies.** Franchisee agrees and acknowledges that Franchisor has set forth policies and guidelines regarding Franchisee's redemption of gift cards at the Franchised Business granted to Franchisee that were purchased at a Beauty Spa other than Franchisee's Franchised Business, along with directives and guidelines for how any compensation will be allocated amongst the Franchised Business and the other Beauty Spa at issue. Franchisee agrees and acknowledges that such policies and guidelines may affect Franchisee's payment obligations under this Agreement, whether to Franchisor and/or to a Beauty Spa, but agrees to strictly comply with such directives, policies and guidelines as set forth and updated by Franchisor in the Operations Manual or otherwise in writing.

5. **DUTIES OF FRANCHISOR**

- A. **Initial Training Program.** Franchisor shall offer and make available an initial training program (the "Initial Training Program") tuition-free for Franchisee and one (1) additional person designated by Franchisee, provided these individuals attend at the same time. One of the trainees must be Franchisee (or one of Franchisee's principals responsible for the Franchised Business if Franchisee is an entity) and, if applicable, the other attendee must be the individual that Franchisee appoints that will be responsible for the day to day management of the Franchised Business and that Franchisor approves (the "Designated Manager").
 1. The Initial Training Program will be provided by Franchisor and its training personnel through training that will be provided at Franchisor's designated training facility.
 2. The Initial Training Program will be provided subject to the schedule and availability of Franchisor's training personnel.
 3. Franchisor will provide the Initial Training Program to additional owners of Franchisee or managers of the Franchised Business (subject to the availability of Franchisor's staff), provided Franchisee pays Franchisor its then-current training fee for each individual that attends in addition to the first two (2) persons (as well as any expenses incurred).
- B. **Replacement Personnel Training.** Franchisor will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor's then-current initial training fee (as well as any expenses incurred).
- C. **Additional and Refresher Training; Remedial Training.**
 1. Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisor will not require Franchisee and its designated attendees to pay its then-current training fee (the "Training Fee") in connection with attending additional/refresher training, unless (a) Franchisee requests such additional/refresher training, and/or (b) such additional/refresher training is provided on-site at the Premises of the Franchised Business. Franchisee will always be responsible for the costs and expenses that it and its trainees incur in connection with attending any additional/refresher training under this Agreement. Franchisor will not require

Franchisee and its management to attend more than five (5) days of additional/refresher training each year.

2. If Franchisor determines that Franchisee is operating the Franchised Business in a manner that is not consistent with the terms of this Agreement or the Manuals, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee, its Designated Manager (if applicable) and/or other management personnel of the Franchised Business attend and complete up to five (5) additional days of training at (a) Franchisor's designated training facility, (b) the Franchised Business or (c) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "Remedial Training"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its then-current training fee in connection with attending Remedial Training, and Franchisee will be responsible for the costs and expenses associated with Franchisee and any personnel attending such training.

D. **Manuals**. Franchisor will provide access to, or otherwise loan, Franchisee one (1) copy of its proprietary and confidential operations manual prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate (collectively, the "Manuals"). Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the "Required Items"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the "Approved Suppliers"); and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to you. Franchisor may also establish and maintain an IDOLIZE website portal (the "IDOLIZE Team Site"), wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed on the IDOLIZE Team Site. In the event Franchisee or its personnel saves or prints out a hard copy of any Manual, then such electronic/hard versions of said Manual must be immediately returned upon expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section shall survive the term of this Agreement.

E. **Site Selection Assistance**. Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Business, including Franchisor's then-current site selection criteria, as it deems appropriate in its sole discretion. Franchisor will review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee's proposed location, as well as the lease for the Premises (the "Lease") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee. Franchisor may require Franchisee to use one (1) or more of

its approved suppliers for site selection and other assistance related to securing an approved Premises.

- F. **Grand Opening Advertising Assistance.** Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the Grand Opening Advertising Program (as defined and described more fully in Section 9 of this Agreement), which program shall be conducted at Franchisee's expense.
- G. **Continuing Assistance.** Franchisor may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Franchised Business. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement. Franchisor may provide such assistance via telephone, fax, intranet communication, Skype or any other communication channel Franchisor deems appropriate, subject to the availability and schedules of Franchisor's personnel. In the event Franchisee requests that Franchisor provide any type of assistance or training on-site at the Franchised Business, then Franchisee may be required to pay Franchisor's then-current training tuition fee in connection with such training (in addition to reimbursing Franchisor for any costs/expenses that Franchisor's personnel incurs in connection with providing such assistance).
- H. **Review of Advertising Materials.** Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement.
- I. **Website.** For so long as Franchisor has an active website containing content designed to promote the IDOLIZE brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.
- J. **Private Label Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor, or any other Approved Supplier Franchisor designates.
- K. **Inspections of the Franchised Business and Premises.** Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include inspections of the Premises, taking photographs and/or videotape of the Beauty Spa's common area, taking samples of any Approved Products for sale at the Beauty Spa, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, and conducting mystery shop services. Franchisor is not responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.
- J. **Administration of Fund.** Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.

- K. **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section 5, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.
- L. **Delegation of Duties.** Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.
- M. **Pre-Opening Obligations Acknowledgement.** If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within thirty (30) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor fully complied with all of its pre-opening and opening obligations set forth in this Agreement.
- N. **Annual Conference.** Franchisor may establish and conduct an annual conference for all IDOLIZE Beauty Spa owners and operators and may require Franchisee and its Designated Manager to attend this conference for no more than five (5) days each year. Franchisor reserves the right to charge Franchisee its then-current registration fee in connection with any conference conducted pursuant to this Section, and Franchisee will be solely responsible for all expenses incurred in attending such conferences.

6. **DUTIES OF FRANCHISEE**

- A. **Secure a Premises.** Franchisee must secure a Premises within the Designated Territory within six (6) months of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that both Franchisee and the party leasing the Premises to Franchisee under the Lease execute the form of Collateral Assignment of Lease attached to this Agreement as Attachment 3 prior to, or at the same time, the Lease is executed. Franchisee may be required to use Franchisor's designated supplier for site selection and other assistance related to securing a Premises.
- B. **Access to Franchisor for Inspection of Premises.** Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.
- C. **Compliance with Lease.** Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 6(A) above and assumes

control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Beauty Spa by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.

- D. **Construction and Build-Out.** Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed-upon plans and open the Franchised Business to the public no later than one (1) year after the date this Agreement is executed. Franchisor may require that Franchisee use an Approved Supplier for pre-opening project and construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.
- E. **Required Licenses and Permits.** Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises in the Designated Territory, including all required licenses and permits related to the offer and sale of hair removal and esthetician services, and the other Approved Products and Services that Franchisor authorizes Franchisee to provide at the Franchised Business.
- F. **Licensing Requirements for Employees.** Franchisee must ensure that the applicable Approved Products and Services provided at the Franchised Business are only performed by employees that are licensed by the appropriate authorities to provide the Approved Products and Services at issue. Franchisee must also comply with any and all state laws and regulations that (i) require the examination and certification of hair removal technicians and/or estheticians/cosmetologists, and (ii) restrict the types of services that certain employees may offer, as necessary.
- G. **Approved Products and Services.** Franchisee must only offer and sell only the Approved Products and Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute. Franchisee shall accept as payment for services or products any valid gift card, no matter where such gift card was issued.
- H. **Other Devices Prohibited at Premises.** Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), merchant service

machines, credit card payment machines or any other electrical or mechanical device in the Beauty Spa other than those Franchisor prescribes or approves.

- I. **Fixtures, Furniture, Signs and Inventory.** Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, artwork, décor items and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business more than once every five (5) years, unless such renovation/refurbishment is in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement.
- J. **Compliance with Applicable Laws.** Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to providing hair removal services, including certification/licensing of employees. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.
- K. **Required Items.** Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, which may including (without limitation) all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.
- L. **Alternative Supplier Approval.** If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request and pay Franchisor's then-current product/supplier evaluation fee (the "Evaluation Fee"). At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is

approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.

- M. **Computer Issues.** Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.
- N. **Promotional Materials Display (Seasonal and Otherwise).** Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing System-wide sales, specials or other promotions that Franchisor designates, including without limitation, participating in any seasonal sales/promotions and displaying all designated signage in connection therewith. Franchisee may not display or use any signage at the Premises unless previously approved by Franchisor in writing.
- O. **Initial Training Program and Other Training/Conference Attendance.** Franchisee and each of its management personnel must attend and successfully complete all training and annual conferences, including any Additional Training or Remedial Training that Franchisor requires during the term hereunder.
1. Franchisee, its Designated Manager (if applicable) and any other trainees that Franchisee designates to participate in the Initial Training Program prior to opening must attend (or otherwise participate in) and complete all portions of the Initial Training Program within ten (10) months of this Agreement and no later than six (6) months prior to the opening of the Franchised Business.
 2. Franchisee must also cover all costs associated with the costs and expenses that Franchisee and any of its personnel incur in connection with attending any part of

the Initial Training Program, including costs associated with travel, lodging, meals and personnel compensation.

3. Franchisee and, if applicable, Franchisee's Designated Manager must: (i) attend and complete any additional or refresher training the Franchisor is permitted to require Franchisee to attend each year; and (ii) attend Franchisor's annual conference if such a conference is conducted by Franchisor (and pay Franchisor's then-current registration fee).
 4. Any failure to attend and complete the Initial Training Program or other training/conferences, including any Remedial or Refresher Training, described in this Section will be a material default of this Agreement and grounds for termination if not cured within the appropriate cure period set forth in this Agreement (if any).
- P. **Training of Employees.** Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the entire Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS and computer system, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one (1) person that has completed the Initial Training Program must manage the Franchised Business at all times.
- Q. **Hours of Operation.** Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.
- R. **Image.** Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures remain in good, clean condition and is properly displayed. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the interior of the Franchised Business, including the furniture, fixtures and equipment used at the Premises, no more than once every five (5) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor's then-current System standards and specifications for a new IDOLIZE Beauty Spa.
- S. **Customer Lists and Data/Agreements.** Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history, at the Premises; and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly return this information, which is deemed "Confidential Information" and Franchisor's exclusive property hereunder, to Franchisor upon expiration or termination of this Agreement for any reason. Franchisee acknowledges that Franchisor may have automatic access to any or all of this information via the Computer System and related software that Franchisor requires for use in connection with the Franchised Business.
- T. **Promotional/Minimum Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must follow Franchisor's general pricing guidelines, including

any promotional or minimum prices set by Franchisor for a particular Approved Product or Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition with respect to the pricing of certain Approved Products and Services offered at the Franchised Business. Franchisor may request information from Franchisee that has been used to substantiate any reduction or increase in pricing made by Franchisee to meet market conditions.

- U. **Operation of Franchised Business and Customer Service.** Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers, and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments, including honoring any re-do services, in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.

- V. **Access to Beauty Spa.** To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview or survey personnel and customers of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.

- W. **Personal Participation by Franchisee.** Franchisee must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages a Designated Manager that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business when Franchisee is not present. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.

- X. **Credit Cards.** Franchisee must accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express and Discover and any other major credit cards designated by Franchisor.

- Y. **Payments to Franchisor.** Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.

- Z. **Employment Decisions.** Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training,

wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's personnel must be competent, conscientious, and properly trained. Nothing in this Agreement is intended or may be construed to create any type of employer or joint employer relationship between (a) Franchisee and/or its personnel (including any licensed personnel), and (b) Franchisor.

- AA. **Bookkeeping Software**. Franchisor may require Franchisee to use a third-party provider for bookkeeping services if Franchisee (i) fails to timely and accurately provide any and all required reports under this Agreement, or (ii) underreports the Gross Sales of the Beauty Spa at any time.
- BB. **Compliance with Gift Card Policies**. Franchisee must utilize and accept any gift card or loyalty program imposed by Franchisor in accordance with Franchisor's standards and specifications. Franchisee shall be compensated for fulfilling prepaid services at the Franchised Business as specified in the Operations Manual or otherwise in writing by Franchisor. Franchisee must sell or otherwise issue gift cards that have been prepared utilizing the standard form of gift card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall fully honor all gift cards that are in the form provided or approved by Franchisor regardless of whether a gift cards was issued by Franchisor via its website, Franchisee or another franchisee. Franchisee must sell, issue, and redeem gift cards in accordance with procedures and policies specified by Franchisor in the Operations Manual or otherwise in writing.

7. **PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS**

- A. **Ownership of Proprietary Marks**. Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.
- B. **Permitted Use**. It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.
- C. **Use of Proprietary Marks in Advertising and Signage**. To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:
 - 1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;

2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.
 3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademark, IDOLIZE, under a license agreement with IDOLIZE Franchising LLC."
- D. **Proprietary Marks are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, System, Manual, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.
- E. **Legal Action Involving Proprietary Marks.** Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.
- F. **Confidential Information.** Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, will be Confidential Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.
- G. **Improvements.** Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the "Improvements"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights

therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

- H. **No Representations/Warranties.** No representation or warranty, express or implied, is made by Franchisor to the effect that the use of the System does not constitute an infringement upon the patent, copyright, or other proprietary rights of other persons. Franchisee hereby agrees that Franchisor shall have no liability to Franchisee in the event the System is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of Franchisee's use of the System.
- I. **Modification or Substitution of Marks by Franchisor.** If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages
- J. **Modification or Substitution of Proprietary Marks by Franchisee.** Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.
- K. **Cease Use of Marks on Termination/Non-Renewal.** Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.
- L. **Disconnection of Telephone Number on Termination/Renewal.** Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory under the name IDOLIZE or any name similar to it. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any

telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.

- M. **Non-Exclusive Use of Proprietary Marks.** Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.
- N. **Acknowledgements.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:
1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;
 2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and
 3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.
- O. **Use Outside Scope.** Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.
- P. **Notification of Infringement.** Franchisee shall notify Franchisor within three (3) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.

- Q. **Indemnification Regarding Marks.** Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.
- R. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:
1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the Internet or otherwise online, except as approved in writing by Franchisor; and
 2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

8. **OPERATIONS MANUALS AND CONFIDENTIAL/CONFIDENTIAL INFORMATION**

- A. **Compliance with Manuals.** In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.
- B. **Control of Beauty Spa.** Franchisee acknowledges the Manuals provided by Franchisor to Franchisee is intended to protect Franchisor's standards, systems, names, and marks, but that such Manuals are not intended to control the day-to-day operation of Franchisee's business. Franchisee further acknowledges and agrees that Franchisee's Business will be under the control of the Franchisee at all times. Franchisee will be responsible for the day-to-day operation of the business.
- C. **Confidential Information.** In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.

- D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:
1. The Manuals;
 2. Any information or materials, whether technical or non-technical, that is used in connection with or otherwise related to the establishment and operation of an IDOLIZE Beauty Spa or the System that is not commonly known by, or available to, the public, including without limitation: (i) information and materials related to the architectural plans, design, layout, equipping, build-out and/or construction of a Beauty Spa; (ii) methodology, protocol and System standards/specifications for the promotion, offer and sale of any Approved Product or Service; (iii) information related to Franchisor's relationship with existing or prospective Approved Suppliers or other third-party vendors (whether or not Franchisee is required to use such vendors); (iv) the reservations system, as well as Computer System and related software generally, that has been customized in any manner for use by Franchisor and/or a Beauty Spa; (v) marketing and advertising materials, as well as any other items that display the Proprietary Marks in any manner, as well as Franchisor's designated marketing/advertising/promotional campaigns; and (vi) any passwords, logins or other keys necessary to access Franchisee's Computer System, reservation system, Computer System or related software used in connection with the Franchised Business; and
 3. All information and data Franchisee collects regarding the customers and clientele of the Franchised Business at any time during the term of this Agreement;
 4. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the types of information described in this Section 8(D) will be referred to as "Confidential Information").
- E. **Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information and any business goodwill of the Franchise are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.
- F. **Information Not Proprietary.** Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as defined in Section 8(H) below) is information that:
1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or
 2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.

- G. **Reasonable Efforts to Maintain Confidentiality.** Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential, including without limitation, all logins/passwords/keys necessary to access any component of the Computer System or related software used in connection with the Franchised Business. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part. Franchisee must require all employees and staff to sign the prescribed form of Confidentiality and Non-Competition Agreement attached as an Exhibit to this Agreement.
- H. **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, "Restricted Persons") execute Franchisor's prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Attachment 5 (the "Confidentiality and Non-Competition Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor's request.
- I. **Loan of Manuals.** Franchisor will loan or provide online access to one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and any and all copies (hard copies or electronic files) of the Manuals must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.
- J. **Modification of Manuals.** In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.

9. **ADVERTISING**

- A. **Designated or Pre-Approved Advertising Materials and Campaigns.** Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the IDOLIZE Beauty Spas

operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.

- B. **Approval for all Other Advertising/Promotional Materials.** All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety (90) days, unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.
- C. **Grand Opening Advertising.** Franchisee must spend between Nine Thousand Dollars (\$9,000) and Twelve Thousand Dollars (\$12,000) on the initial advertising and grand opening of the Franchised Business between thirty (30) days prior to opening and sixty (60) days after opening (the "Grand Opening Advertising Requirement"). Franchisor may also require that Franchisee expend all or any portion of the Grand Opening Advertising Requirement on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier. As part of the Grand Opening Advertising Requirement, Franchisee may be required to purchase a grand opening package, which includes banners, brochures and other promotional materials Franchisee will need to announce and promote the Franchised Business's grand opening, from an Approved Supplier (the "Grand Opening Package"). Franchisor will designate the exact amount of the Grand Opening Advertising within 30 days of the date Franchisee has secured its Premises.
- D. **Local Advertising Requirement.** Franchisee must spend a minimum of \$2,000 per month for months 4 through 12 of operations after Grand Opening Advertising campaign has concluded. For the 13th month and onward, a minimum of \$1,000 per month for the purpose of local advertising and promotion of the Franchised Business within the Designated Territory (the "Local Advertising Requirement").

1. Upon Franchisor's request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.
2. Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other IDOLIZE franchise); and (ii) the Franchised Business is listed in the appropriate Internet-based directories that Franchisor designates.
3. Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted to any other IDOLIZE location or IDOLIZE franchisee/developer, or (b) Franchisor otherwise provides its prior written consent in writing.

E. **Advertising and Marketing Fund**. Franchisor has established a System-wide brand Fund designed to promote the System, Proprietary Marks and IDOLIZE brand generally. Franchisor requires Franchisee to contribute to this Fund on a weekly basis in an amount equal to one percent (1%) of the Gross Sales of the Franchised Business as of the date this Agreement is executed, but Franchisor reserves the right to increase this amount to up to two percent (2%) of the Gross Sales of the Franchised Business as described in Section 4. Any amounts Franchisee is required to contribute to the Fund will be credited towards Franchisee's Local Advertising Requirement. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor's designee as follows:

1. Franchisor will use Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.
2. Franchisor is not obligated to spend monies from the Fund in any particular Franchisee's market in proportion to the payments to the Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.
3. The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Franchisor's Website, employing advertising and public relations agencies, purchasing promotional items, and providing other marketing materials and services to the IDOLIZE Beauty Spas operating under the System. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

4. Franchisor shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.
 5. Franchisor will, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting that will be available to Franchisee, upon Franchisee's written request, one hundred and twenty (120) days after the Franchisor's fiscal year end.
 6. Franchisor may dissolve, suspend, modify and/or reinstate the Fund at any time after it is established.
- F. **Advertising Council.** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Beauty Spas, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.
- G. **Website.** Franchisor agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval as described in this Section 9. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.

- H. **Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple Beauty Spa owners located within a geographical region that Franchisor designates (each, a “Cooperative”). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee’s then-current Local Advertising Requirement. All amounts paid to a Cooperative will be credited towards Franchisee’s Local Advertising Requirement (if any). Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

10. **ACCOUNTING AND RECORDS**

- A. **Maintenance of Records.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor’s request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor’s disclosure documents).
- B. **Examination and Audit of Records; Approved Accountant During Initial Operations.**
1. Franchisor and its designated agents shall have the right to examine and audit Franchisee’s records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business or any amount due to Franchisor by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) pay any amount due and owing Franchisor as a result of Franchisee’s underreporting, along with any accrued interest on said amounts.
 2. Franchisor may require Franchisee to engage its Approved Supplier for accounting services or, at Franchisor’s discretion, another third-party accountant that Franchisor approves to handle the bookkeeping and related accounting work associated with the Franchised Business for the period beginning before the Franchised Business is open and ending once the Franchised Business has been open for a period of one (1) year.
- C. **Computer System for Records.** Franchisee shall record all transactions and Gross Sales of the Franchised Business on a Computer System that is designated or approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor will, at all times and

without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement.

- D. **Computer System Files and Passwords.** Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement. Consistent with the other provisions of this Agreement, Franchisee agrees and acknowledges that Franchisor may have automatic access to Franchisee's specific passwords/keys/logins through the Computer System components and related software that Franchisor requires Franchisee to use in connection with the Franchised Business.
- E. **Current Contracts, Listings and Projects.** At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.
- F. **Tax Returns.** Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.
- G. **Required Reports.** Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (i) a signed Gross Sales Report as described more fully in Section 4 of this Agreement on or before Monday of each week; (ii) on or before the twentieth (20th) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (iii) within ninety (90) days after the close of each fiscal year of Franchisee, financial statements which shall include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Franchised Business, all as of the end of such fiscal year; and (iv) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request.
- H. **Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.
- I. **Change to Ownership of Franchisee.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors,

as well as any of the Designated Manager(s) that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.

11. INSURANCE AND INDEMNIFICATION

- A. **Required Insurance.** Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor or the lessor of the Premises designates from time to time. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:
1. “all risk” property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business with a minimum liability coverage of ONE MILLION DOLLARS (\$1,000,000.00). Franchisee’s property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;
 2. Workers’ compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) or, if higher, the statutory minimum limit as required by state law;
 3. Comprehensive General Liability Insurance, Professional Liability Insurance, and Employment Practices Liability Insurance (EPLI) against claims for bodily and personal injury, discrimination, wrongful termination, professional misconduct, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee’s conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS (\$1,000,000.00) per occurrence or FOUR MILLION DOLLARS (\$4,000,000.00) in the aggregate for Professional Liability and General Liability and umbrella coverage of TWO MILLION DOLLARS (\$2,000,000) or, if higher, the statutory minimum limit required by state law;
 4. If applicable with respect to a vehicle used in connection with the Franchised Business or displaying the Proprietary Marks, automobile liability insurance for any vehicles owned or hired by the Franchised Business, with a combined single limit of at least ONE MILLION DOLLARS (\$1,000,000.00) or, if higher, the statutory minimum limit required by state law;
 5. Business Interruption Insurance to cover losses including, but not limited to, those caused by bacterial or viral infections; and
 6. Such insurance as necessary to provide coverage under the indemnity provisions set forth in this Agreement.

Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any other party that Franchisor designates as additional insureds and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

- B. **Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.
- C. **Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement, and/or (b) ownership, construction, development, management, or operation of the Franchised Business in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

12. **INDEPENDENT CONTRACTOR**

- A. **No Fiduciary Relationship.** In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.

- B. **Independent Licensee Relationship.** It is understood and agreed that Franchisee is an independent licensee and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This IDOLIZE Beauty Spa is independently owned and operated pursuant to a license agreement." Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor vice versa.

13. **TRANSFER AND ASSIGNMENT**

- A. **No Transfer by Franchisee Without Franchisor's Approval.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.
- B. **Death or Disability.**
1. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's principals/owners/guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as "Franchisee" under this Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the "90 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.
 2. Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for

Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

3. Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).

- C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).
- D. **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 13(C) hereof or in the event of Franchisee's death/disability as set forth in Section 13(B)), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.
- E. **Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:

1. All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;
2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;
3. Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;
4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;
5. The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;
6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;
7. Franchisee or transferee shall pay Franchisor a transfer fee equal to fifty percent (50%) of the then-current Initial Franchise Fee (with a minimum of \$16,250) as well as any third-party broker fees that are due in connection with the proposed transfer;
8. The transferee shall satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame Franchisor sets forth, and the transferee will be responsible for all costs and expenses associated with attending the initial training program;
9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;

10. The transferee must demonstrate that it has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;
11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;
13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;
14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and
15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder.

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.

- F. **Transfer from an Individual Franchisee to Business Entity.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of 51% or more of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Spousal Guaranty attached to this Agreement as Attachment 2.

- G. **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

14. **COVENANTS**

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.

- A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Designated Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Designated Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with, any other business that (a) offers or provides hair removal, waxing, facials, eyebrow services, lash extensions, eyebrow and facial threading, and/or the other types of Approved Products and Services offered by an IDOLIZE Beauty Spa location (each, a "Competing Business"), or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;
2. Employ or seek to employ any person who is at that time employed by Franchisor or Franchisor's affiliates, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
3. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. **After the Term of this Agreement.**

1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

2. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
 - a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with any other Competing Business:
 - i. at the Premises;
 - ii. within the Designated Territory; or
 - iii. within a twenty-five (25) mile radius of (a) the Designated Territory or (b) any other IDOLIZE Beauty Spa that is open, under lease or otherwise under development as of the date this Agreement expires or is terminated;
 - b. Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose;
 - c. Solicit any of Franchisor's other employees or the employees of Franchisor's affiliates to discontinue employment.

C. **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 15 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 15 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation on the restrictive covenants set forth in Section 14(B) shall be tolled during any default under this Section 14.

D. **Confidentiality and Non-Competition Agreement.** Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the document

attached to this Agreement as Attachment 5). Franchisee must furnish Franchisor a copy of each executed agreement.

- E. **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

15. **DEFAULT AND TERMINATION**

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

- A. **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;
3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;
4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
5. A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or
6. Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.

- B. **Termination upon Notice.** Franchisor has the right to terminate this Agreement upon written notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:

1. If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business,

including without limitation, any misrepresentation made in Franchisee's franchise application;

2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
3. If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15(C) of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;
4. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);
6. If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business;
7. If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;
8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);
9. If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;
10. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;
11. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;

12. If Franchisee fails to provide Franchisor with access, or otherwise blocks Franchisor's access, to Franchisee's Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within twenty-four (24) hours of being notified by Franchisor;
13. If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;
14. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
15. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;
16. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;
17. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;
18. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or
19. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides hair removal services and/or esthetician services.

C. **Termination upon Notice and 30 Days' Cure.** Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.

D. **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination

due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must (a) pay Franchisor a management fee amounting to eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business (the "Management Fee"), and (b) reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor's operation of the Franchised Business.

16. **POST-TERM OBLIGATIONS**

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

- A. **Cease Ownership and Operation of Beauty Spa; Cease Affiliate with Franchisor and Brand Generally.** Cease to be a franchise owner of Franchised Business under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of an IDOLIZE Beauty Spa franchise at or with respect to the Premises (unless Franchisor agrees otherwise in writing);
- B. **Return Manuals and Confidential Information; Pay Outstanding Amounts Due.**
1. Return to Franchisor the Manuals and all trade secrets, Confidential Information (including customer lists and information) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law; and
 2. Pay any outstanding amounts due to Franchisor, its affiliates or any Approved Supplier within 30 days of the date this Agreement is terminated or expires.
- C. **Assignment of Customer Contracts, Telephone/Facsimile Numbers and Domain Names.** Take such action as may that Franchisor designates to: (i) provide and assign to Franchisor the then-current and up-to-date customer list to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form

Internet Advertising, Social Media and Telephone Account Agreement attached to this Agreement as Attachment 6.

- D. **Cease Using Proprietary Marks.** Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass.
1. Upon Franchisor's request, Franchisee must provide all materials bearing the Proprietary Marks to Franchisor upon expiration or termination of this Agreement for any reason, without cost to Franchisor; and
 2. Franchisee must cease holding itself out as a present franchisee of Franchisor or the IDOLIZE franchise system and, upon Franchisor's request, as a past franchisee of Franchisor or the IDOLIZE franchise system.
- E. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;
- F. **Written Evidence of Compliance.** Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and
- G. **Purchase of Assets.** Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Business at a purchase price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).

17. **TAXES AND INDEBTEDNESS**

- A. **Taxes.** Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

- B. **Debts and Obligations.** Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

18. WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT

- A. **Franchisor's Approval.** Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.
- B. **No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.
- C. **Terms of Other Franchise Agreements.** No warranty or representation is made by the Franchisor that all IDOLIZE franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.
- D. **Modification of System and Manuals.** Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.
- E. **No Disclaimers of Franchise Disclosure Document.** Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

19. ENFORCEMENT

- A. **Full Access to Premises for Inspection.** In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.

- B. **Injunctive Relief.** The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.

- C. **No Withholding of Payments.** Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.

- D. **Costs and Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

20. NOTICES

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor: IDOLIZE Franchising LLC
 Attn: Manojkumar Pandoria
 8058 Corporate Center Drive, Suite 250
 Charlotte, North Carolina 28226

To Franchisee: _____

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

21. GOVERNING LAW AND DISPUTE RESOLUTION

- A. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without reference to this state's conflict of laws principles.
- B. **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 21(G) of this Agreement and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- C. **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 21(B) above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such 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 Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.
- D. **Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other

violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

- E. **Venue.** Subject to Sections 22(B)-(D) of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Franchisor's then-current corporate headquarters or, if appropriate, the United States District Court for the Western District of North Carolina. Franchisee acknowledges that this Agreement has been entered into in the State of North Carolina and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in North Carolina, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina as set forth in this Section.
- F. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- G. **Notice Requirement.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- H. **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.
- I. **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless Franchisee brings an action/suit against Franchisor before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

- J. **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.
- K. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.
- L. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

22. **SEVERABILITY AND CONSTRUCTION**

- A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

- B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.
- C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.
- D. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

By: _____

 (Print Name, Title)

FRANCHISEE:

 By: _____

 (Print Name, Title)

PRINCIPAL:

 (Print Name)

PRINCIPAL:

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT

DATA SHEET AND STATEMENT OF OWNERSHIP

1. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

2. PREMISES

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

3. DESIGNATED TERRITORY

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

4. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

5. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.

THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this day of _____.

FRANCHISEE

By: _____

Name: _____

Title: _____

FRANCHISOR

IDOLIZE FRANCHISING LLC

By: _____
Manojkumar Pandoria, Founder and CEO

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ to IDOLIZE Franchising, LLC a North Carolina Limited Liability Company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with _____, a(n) _____, _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 13, 14 15 and 16 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

]

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment”) is made, entered into and effective on this ___ day of _____, 20__ Effective Date,) by and between: (i) IDOLIZE Franchising LLC, a North Carolina limited liability company with its principal place of business at 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226 (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Franchisee”).

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the “Franchise Agreement”) dated as of _____, 20__ with the Franchisee, pursuant to which the Franchisee plans to own and operate an IDOLIZE franchised business (the “Franchised Business”) located at _____ (the “Site”). In addition, pursuant to that certain Lease Agreement (the “Lease”), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the “Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.
3. **Indemnification of Franchisor:** Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Conditional Assignment:** Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee’s rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee’s breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor’s option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other

applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**: Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

- a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;
- b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- c) to exclude the Franchisee, its agents or employees from the Site;
- d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;
- f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and
- g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or
- h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee

in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney:** Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys’ Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISEE

FRANCHISOR

IDOLIZE FRANCHISING LLC

By: _____
Name: _____

By: _____
Name: _____

Date: _____

Title: _____

Date: _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____

ABA# : _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes IDOLIZE Franchising LLC (the “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the franchised business located at: _____ (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. **[Franchisee Name]** shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

IDOLIZE FRANCHISING LLC

By: _____

Manojkumar Pandoria, Founder and CEO

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, officers, directors, general partners, members, Designated Managers and any other management personnel of Franchisee)

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from IDOLIZE Franchising LLC (the “Company”) to: (i) establish and operate an IDOLIZE Beauty Spa franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of IDOLIZE Beauty Spa businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manual”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other IDOLIZE Beauty Spa businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of IDOLIZE Beauty Spa business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

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

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

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) offers or provides hair removal, waxing, facials, eyebrow services, lash extensions, eyebrow and facial threading, and/or the other types of Approved Products and Services offered by an IDOLIZE Beauty Spa location; or (iii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more businesses that offer or provide offers hair removal, lash extensions, hair threading, and/or the other types of Approved Products and Services offered by an IDOLIZE Beauty Spa location (collectively, a "Competing Business"). I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Designated Manager of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 25-mile radius of the Premises; or (ii) within a 40-mile radius of any other IDOLIZE Beauty Spa business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this two-year period following the termination or expiration of my employment with the Franchisee.

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

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

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT FOR NORTH CAROLINA. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NORTH CAROLINA OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

The notice shall be addressed to

IDOLIZE Franchising LLC
Attn: Mo Pandoria
8058 Corporate Center Drive, Suite 250
Charlotte, North Carolina 28226

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business

days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND
TELEPHONE ACCOUNT AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between IDOLIZE Franchising LLC, a North Carolina Limited Liability Company (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an IDOLIZE Spa business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media and software accounts, and use telephone listings linked to the IDOLIZE Spa brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media and Software Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest

in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date

Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of North Carolina, without regard to the application of North Carolina conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

IDOLIZE Franchising LLC

By: _____

_____, _____
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

IDOLIZE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the IDOLIZE Franchising LLC, Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE IDOLIZE FRANCHISING LLC, AND ANY OF IDOLIZE FRANCHISING LLC'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE:

PRINCIPAL:

By: _____

(Print Name)

(Print Name, Title)

Date: _____

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

EXHIBIT C
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
MULTI-UNIT AGREEMENT

**IDOLIZE FRANCHISING LLC
MULTI-UNIT DEVELOPMENT AGREEMENT**

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "Agreement") is being entered into this ___ day of _____, (the "Effective Date") by and between IDOLIZE Franchising LLC, a North Carolina limited liability company with a principal business address of 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226 (herein "Franchisor") and _____, an individual with a principal residence address of _____ (herein "Developer") for the right to establish and operate IDOLIZE Brows and Beauty franchise outlets, as more particularly set forth herein.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established unique and distinctive beauty spas that feature fast, affordable, and effective spa services, such as eyebrow and facial threading, lash and brow services, waxing, facials and alternative hair removal services provided to clients by a staff of trained professionals using Franchisor's format, trade dress, methods of marketing and presentation, training and assistance and using Franchisor's confidential operations manual ("Manual") of business practices and policies, and Franchisor's distinctive exterior and interior design, décor, color scheme, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "System").

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks "IDOLIZE" and the associated design trademark, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Pursuant to franchise agreements, Franchisor licenses to others the right to operate IDOLIZE outlets, using the Marks and System, in strict conformity therewith, which may be changed, improved and further developed by Franchisor from time to time (each a "Franchise Agreement").

Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating franchised businesses of the System in conformity with Franchisor's standards and specifications.

Developer desires to obtain the right to further develop and expand the System in accordance with the development schedule described in Section 5.2 hereof (the "Mandatory Development Schedule") within the development area described in Exhibit "A" (the "Development Area"), under the System and Marks, on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. **RECITATIONS.** The Recitations set out above form part of this Agreement.

2. GRANT OF DEVELOPMENT RIGHTS.

2.1 Grant. Franchisor hereby grants to Developer, and the Developer hereby accepts from the Franchisor, on the terms and conditions set forth in this Agreement, which includes, but is not limited to, the execution of a Franchise Agreement pursuant to Section 4.1 hereof, the right to develop, construct, open and operate one (1) IDOLIZE outlet within the Development Area set forth in Exhibit "A". Developer shall be granted rights to establish additional IDOLIZE outlets in the Development Area, up to the total number of outlets set forth in the Mandatory Development Schedule set forth in Section 5.2 hereof, subject to Developer's full compliance with all conditions precedent to the grant of such rights outlined below, which rights shall be exercised in accordance with Section 4.1 hereof.

2.2 Reservation of Rights. Notwithstanding the provisions of Section 2.1 above, Developer understands and agrees Franchisor fully reserves all other rights, other than as specified in this Agreement, for sales, solicitation and distribution of IDOLIZE products and services within or outside of the Development Area. This reservation of Franchisor's rights includes, but is not limited to, Franchisor's right to: (i) own, operate, franchise, license, contract or arrange for others to own or operate IDOLIZE outlets or other kinds of businesses within or outside of the Development Area; (ii) own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks; (iii) own, acquire, operate, and grant others the right to own, acquire or operate other spa or party business concepts at any location and on any terms and conditions; and (iv) sell, solicit, franchise or license others to sell and solicit IDOLIZE products, services, licenses and franchises for and/or through any alternate channel of distribution within and outside of the Development Area, including such channels as co-branding with other spa or party business outlets, and engaging in e-commerce and Internet sales.

2.3 No License to System and Marks. Developer expressly acknowledges that this Agreement is not a Franchise Agreement and does not grant to Developer any right or license to operate a IDOLIZE outlet, distribute any product or service, or use the Marks. This Agreement sets forth conditions which, if fully satisfied, confer upon Developer the rights to enter a Franchise Agreement with Franchisor to establish one or more IDOLIZE outlets in the Development Area only. Developer's rights to open and operate a IDOLIZE outlet and use the System and Marks shall be derived only through the execution of a Franchise Agreement for each IDOLIZE outlet to be established in the Development Area.

3. **TERM.** Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the date on which Developer successfully and in a timely manner has complied with all of Developer's obligations hereunder and has completed the development obligations in accordance with the Development Schedule.

4. DEVELOPMENT AND FRANCHISE FEES.

4.1 Multi-Unit Development Fee. In consideration of the rights granted under this Agreement, Developer shall pay Franchisor a development fee based on the number of units in the Development Schedule. The Fee (the "Development Fee") will be set as follows:

2 Units \$91,500
3 Units \$129,500
4 Units \$167,500

5 Units \$205,500
6+ Units \$38,000 per outlet

The Development Fee is fully earned at the time this Multi-Unit Development Agreement is signed and is not refundable under any circumstances, except as set forth in Section 5.5 hereof. Developer shall pay the full amount of the Development Fee to Franchisor upon Developer's execution of this Agreement.

- 4.2 Application of Development Fee. Contemporaneous with the execution of this Agreement, Developer shall execute the initial Franchise Agreement for the first IDOLIZE outlet to be established pursuant to the Mandatory Development Schedule. Developer shall receive a credit from the Development Fee, which shall be applicable to the Initial Franchise Fee due under the initial Franchise Agreement. Upon the execution each additional Franchise Agreement for outlets to be developed hereunder, Developer shall receive a credit from the Development Fee, which shall be applicable to the Initial Franchise Fee payable pursuant to each such additional Franchise Agreement under the Development Schedule. Upon Franchisor's approval, Developer may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the IDOLIZE outlet pursuant thereto, provided that Developer shall also enter into a Personal Guaranty in connection with the Franchise Agreement along with any other principals of such newly-formed entity. Furthermore, should anyone other than Developer enter into a Franchise Agreement, then Developer further acknowledges and agrees that any default under any Franchise Agreement or other agreement with IDOLIZE Franchising LLC, by any other entity or person shall be deemed a default by Developer under this Agreement.

5. EXERCISE OF DEVELOPMENT RIGHTS.

- 5.1 Valid Exercise. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each IDOLIZE outlet for which a development right is granted. Developer shall execute and deliver to Franchisor, concurrently with the execution and delivery of this Agreement, Franchisor's current form of Franchise Agreement for the first IDOLIZE outlet to be established by Developer pursuant to the Mandatory Development Schedule. For each subsequent IDOLIZE outlet to be established hereunder, Developer shall execute and deliver to Franchisor Franchisor's then-current form of Franchise Agreement, which shall be presented to Developer together with Franchisor's then-current Franchise Disclosure Document. The then-current form of Franchise Agreement may differ from the current form of Franchise Agreement; provided however, the initial franchise fee for each additional outlet that is part of the Development Schedule shall be credited from the Development Fee. Further, Developer acknowledges and agrees that Developer shall not receive any initial training related to each additional IDOLIZE outlet. Developer hereby waives all obligations by Franchisor to provide any training to Developer contained in each Franchise Agreement, other than the initial Franchise Agreement executed concurrently with this Agreement, by and between Franchisor and Developer. Developer hereby acknowledges and agrees that the training Developer receives pursuant to the initial Franchise Agreement executed concurrently with this Agreement is sufficient to allow Developer to construct, equip, open and operate each of Developer's IDOLIZE outlets in the Development Area.
- 5.2 Mandatory Development Schedule. Subsequent to Developer's signing of this Agreement and the initial Franchise Agreement, and provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for each additional IDOLIZE outlet under the Mandatory

Development Schedule, Developer shall execute an additional Franchise Agreement for the development of the next IDOLIZE outlet to be opened under the Mandatory Development Schedule. Notwithstanding the foregoing, Developer shall open the IDOLIZE outlets in accordance with the schedule on the following page:

Outlet for Development	Mandatory Open Date
1	7 months following the Effective Date
2	17 months following the Effective Date
3 and Subsequent	10 months following the Effective Date of each Previous Outlet

Developer acknowledges and agrees that the terms of the Mandatory Development Schedule are reasonable and viable based upon Developer's independent investigation and analysis. Failure by Developer to adhere to the Mandatory Development Schedule (including any extensions thereof approved by Franchisor in writing pursuant to Section 5.3 below) shall constitute a material event of default under this Agreement.

- 5.3 Extension of Mandatory Development Schedule. If Developer is unable to meet the Mandatory Development Schedule for any outlet, Developer may seek a reasonable extension from Franchisor. Any request for an extension must be in writing and submitted to Franchisor at least sixty (60) days prior to the Mandatory Open Date for such outlet. Franchisor shall not unreasonably withhold consent for such reasonable extension provided that Developer has (i) submitted its extension request in a timely manner; (ii) demonstrated diligent efforts to meet the original Mandatory Open Date; and (iii) has at all times acted in good faith and is otherwise fulfilling its obligations under this Agreement.
- 5.4 Conditions to Exercise Developer's Rights. All of the following conditions must be satisfied or waived, in Franchisor's sole discretion, before Franchisor grants Developer the right to develop an additional IDOLIZE outlet in accordance with Section 4.1 hereof and pursuant to a Franchise Agreement:
- 5.4.1 Developer shall (i) request Franchisor's then-current Franchise Disclosure Document, (ii) submit to Franchisor all information and other documents requested by Franchisor prior to and as a basis for the issuance of Franchise Agreements in the System, (iii) submit to Franchisor all financial statements reasonably requested by Franchisor, and (iv) satisfy Franchisor's then-current financial criteria for multi-unit franchisees.
- 5.4.2 Developer and/or Developer's corporate designee, as the case may be, shall be in full compliance with this Agreement, the Mandatory Development Schedule, and all Franchise Agreements with Franchisor and any other agreement with Franchisor or Franchisor's affiliates;
- 5.4.3 Developer shall pay the balance of the Initial Franchise Fee upon the execution of the additional Franchise Agreement;
- 5.4.4 Developer has demonstrated the management skills necessary for competent operation, organization, customer service and record keeping of a IDOLIZE outlet as determined by Franchisor, in Franchisor's sole discretion; and

5.4.5 Franchisor has identified an acceptable location in the Development Area, in Franchisor's sole discretion, for an additional IDOLIZE outlet.

5.5 Termination for Failure of Condition. Notwithstanding anything to the contrary contained herein, in the event that Franchisor determines, in Franchisor's sole and absolute discretion, that the condition set forth in Section 5.4.4 or Section 5.4.5 hereof cannot be satisfied, Franchisor may terminate this Agreement upon written notice to Developer, whereupon Franchisor shall refund to Developer that portion of the Development Fee that has not been applied to payment of the Initial Franchise Fee(s) due under theretofore executed Franchise Agreement(s). Termination of this Agreement in accordance with this Section 5.5 shall have no effect on the validity of any other agreement between Franchisor and Developer, provided that Developer is in full compliance therewith.

6. TRANSFER.

6.1. Transfers by Franchisor.

6.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Developer's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

6.1.2. Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Developer acknowledges may be within the Development Area, proximate thereto, or proximate to any of Developer's locations).

6.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the spa or party business or to offer or sell any products or services to Developer.

- 6.2 Restrictions on Transfers by Developer. Developer's rights and duties under this Agreement are personal to Developer, and Franchisor has made this Agreement with Developer in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Developer. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.
- 6.3 Transfers by Developer. Developer shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right granted or interest herein or hereunder (a "Transfer") or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. If Developer has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 6.5, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:
- 6.3.1 The proposed transferee must be an individual of good moral character and otherwise meet Franchisor's then-applicable standards for multi-unit franchisees.
- 6.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate multiple IDOLIZE outlets and to comply with this Agreement;
- 6.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;
- 6.3.4 Developer has paid all amounts owed to (i) Franchisor pursuant to this Agreement and all Franchise Agreements and other agreements between Franchisor and/or Franchisor's affiliates and Developer and (ii) third-party creditors;
- 6.3.5 The transferee has executed Franchisor's then-standard form of Multi-Unit Development Agreement, which may have terms and conditions different from this Agreement, for a term no less than the unexpired term of future development obligations due pursuant to the Mandatory Development Schedule of this Agreement;
- 6.3.6 Developer and the transferee shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Developer agrees to subordinate any claims Developer may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;
- 6.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the transferee's development obligations. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Developer's development rights on such terms and conditions. Developer shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and
- 6.3.8 If Developer, through Developer or any entity, finances any part of the sale price of the Transfer, Developer agrees that all obligations of the transferee under any notes, agreements

or security interests to Developer or Developer's entity will be subordinate to the transferee's obligations to Franchisor.

6.4 Transfer Fee. As a condition to any Transfer, Developer shall pay Franchisor a transfer fee equal to Fifteen Thousand Dollars (\$15,000.00); provided however, (i) for transfers to an existing IDOLIZE area developer or franchisee, who is in good standing with Franchisor, the transfer fee is Ten Thousand Dollars (\$10,000.00), and (ii) for a transfer to a spouse, parent or child upon death or permanent disability of Developer, the transfer fee is Two Thousand Five Hundred Dollars (\$2,500.00).

6.5 Franchisor's Right of First Refusal.

6.5.1 If Developer wishes to transfer all or part of his or her interest in this Agreement pursuant to any bona fide offer received from a third party to purchase such interest, then Developer shall promptly notify Franchisor in writing of each such offer and shall provide such information and documentation relating to the offer as Franchisor may require.

6.5.2 Franchisor has the right, exercisable by written notice to Developer within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement for the price and on the terms and conditions contained in the offer.

6.5.3 Developer further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the third-party offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from Developer all customary representations and warranties given by a seller of franchise development rights.

6.5.4 If Franchisor does not exercise its right to buy within thirty (30) days, Developer may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 6.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

6.6 Death or Permanent Disability. The grant of rights under this Agreement is personal to Developer, and on the death or permanent disability of Developer, the development rights granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Developer will transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 6.6, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 6 and unless transferred by gift, devise or inheritance, subject to the terms of Section 6.5 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Developer from supervising the development and operation of Developer's IDOLIZE outlets continuously for six (6) months from its onset.

7. DEFAULT AND TERMINATION.

- 7.1 Default and Automatic Termination. Developer shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing his or her inability to pay debts when due; or if Developer is adjudicated a bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against any of Developer's IDOLIZE outlet premises or equipment is instituted against Developer and not dismissed within thirty (30) days.
- 7.2 Defaults with No Opportunity to Cure. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon notice to Developer, if Developer:
- 7.2.1 has misrepresented or omitted material facts in applying for the development rights granted hereunder;
 - 7.2.2 falsifies any report required to be furnished Franchisor hereunder;
 - 7.2.3 fails to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of Developer's IDOLIZE outlets, including, but not limited to, the failure to pay taxes;
 - 7.2.4 fails to develop the IDOLIZE outlets in accordance with the Mandatory Development Schedule.
 - 7.2.5 attempts a Transfer in violation of the provisions of Article 6 of this Agreement;
 - 7.2.6 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
 - 7.2.7 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

7.2.8 fails to comply with the non-disclosure and non-competition covenants in Article 8 hereof;

7.2.9 defaults, or an affiliate of Developer defaults, under any other agreement, including any Franchise Agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

7.2.10 terminates this Agreement without cause.

7.3 Curable Defaults. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Developer fails to cure the default within the time period set forth in this Section 7.3, effective immediately upon notice to Developer, if Developer:

7.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Section 7.2;

7.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 7.1 and 7.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Developer proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than three (3) times in any twelve (12)-month period, and the fourth such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 7.2.

7.4. Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Developer shall immediately terminate and Developer shall (i) immediately cease all development operations pursuant to this Agreement; and (ii) comply with the non-disclosure and non-competition covenants contained in Article 8.

8. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

8.1 Confidential Information. Developer acknowledges and accepts that during the term of this Agreement, Developer will have access to Franchisor's trade secrets, including, but not limited to, formulas, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the IDOLIZE outlets; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary", and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Developer shall not, during the term of this Agreement and thereafter,

communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for Developer's own benefit, any Confidential Information that may be communicated to Developer or of which Developer may be apprised in connection with the development of IDOLIZE outlets under the terms of this Agreement. Developer shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person, without Franchisor's prior written consent. The covenant in this Section 8.1 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer.

8.2 Protection of Information. Developer shall take all steps necessary, at Developer's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Developer finds that any Confidential Information has been divulged in violation of this Agreement.

8.3 Noncompetition Covenants. Developer acknowledges that, pursuant to this Agreement, Developer will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Developer. Developer acknowledges that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to him or her in the development and operation of IDOLIZE outlets, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Developer is entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Developer covenants that, except as otherwise approved in writing by Franchisor:

8.3.1 During the term of this Agreement, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the IDOLIZE outlets to be developed hereunder or of other IDOLIZE outlets or franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any salon, spa or business similar to the System; or (iii) seek to employ any person who is at that time employed by Franchisor or by any other System franchisee, or otherwise induce such person to leave his or her employment; or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any IDOLIZE franchisees.

8.3.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the IDOLIZE outlets to be developed hereunder or of other IDOLIZE outlets or franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any salon, spa or business similar to the System within twenty-five (25) miles of the Development Area or any IDOLIZE location; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner

interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any IDOLIZE franchisees.

- 8.4 Reasonableness of Restrictions. Developer acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Developer since Developer has other considerable skills, experience and education which afford Developer the opportunity to derive income from other endeavors.
- 8.5 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 8 or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to forthwith comply with any covenant as so modified.
- 8.6 Injunctive Relief. Developer acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of the covenants not to compete set forth in this Agreement.
- 8.7 No Defense. Developer expressly agrees that the existence of any claims he or she may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
9. **INDEMNIFICATION.** TO THE FULLEST EXTENT PERMITTED BY LAW, DEVELOPER AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS IDOLIZE FRANCHISING LLC, IDOLIZE, LLC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS THE "IDOLIZE INDEMNITEES") AS WELL AS THE IDOLIZE INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE DEVELOPMENT, OPERATION, CONDITION, OR ANY PART OF ANY OF DEVELOPER'S IDOLIZE OUTLETS TO BE DEVELOPED HEREUNDER, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO ANY OF SUCH IDOLIZE OUTLETS, WHETHER CAUSED BY DEVELOPER'S AGENTS OR EMPLOYEES, OR ARISING FROM DEVELOPER'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE IDOLIZE INDEMNITEES. DEVELOPER AGREES TO PAY FOR ALL THE IDOLIZE INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY DEVELOPER HEREUNDER. THE IDOLIZE INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE IDOLIZE INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. DEVELOPER AGREES THAT TO HOLD THE IDOLIZE INDEMNITEES

HARMLESS, DEVELOPER WILL REIMBURSE THE IDOLIZE INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE IDOLIZE INDEMNITEES.

Initial

10. DISPUTE RESOLUTION

- 10.1 Mediation. Except as set forth in section 10.2, Franchisor or Developer may first submit any claim, controversy or dispute arising out of or relating to this Agreement or the relationship created by this Agreement to non-binding mediation. The mediation shall be conducted through either an individual mediator or a mediator appointed by a mediation services organization or body, experienced in the mediation of disputes between franchisors and franchise developers, agreed upon by the parties and, failing such agreement within ten (10) business days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association in accordance with its rules governing mediation. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally.
- 10.2 Exceptions. Notwithstanding the requirements of Sections 10.1 and 10.2, the following claims shall not be subject to mediation:
- 10.2.1 Franchisor's claims for: (i) monies owed or (ii) injunctive or other extraordinary relief;
- 10.2.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law; and
- 10.2.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks.
- 10.3 Governing Law and Venue. With respect to any claims, controversies or disputes that are not finally resolved through mediation, or as otherwise provided above, Developer, except where specifically prohibited by the franchise laws of the jurisdiction applicable to Developer, hereby irrevocably submit himself or herself to the sole and exclusive jurisdiction of the state courts of Mecklenburg County, North Carolina, and the Federal District Court for the Western District of North Carolina. Developer hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision. Developer hereby agrees that service of process may be made upon him or her in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by North Carolina or federal law. Developer further agrees that venue for any proceeding relating to or arising out of this Agreement shall be Mecklenburg County, North Carolina; provided, however, with respect to any action (1) for monies owed or (2) for injunctive or other extraordinary relief, Franchisor may bring such action in any state or federal district court that has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement, or the relationship created hereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under North Carolina law.
- 10.4 Mutual benefit. Developer, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 10.4 provide each of the parties with the mutual

benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

- 10.5 Performance of Obligations. Developer and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Charlotte, North Carolina and further acknowledge that the performance of certain obligations of Developer arising under this Agreement, including, but not limited to, the payment of monies due hereunder shall occur in Charlotte, North Carolina.
- 10.6 Waiver of Certain Damages. Developer hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Developer agrees that in the event of a dispute, Developer shall be limited to the recovery of any actual damages sustained.
- 10.7 Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 10.8 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Developer or any Principal of their respective interests in this Agreement.

11. **WAIVER AND RELEASE OF CERTAIN CLAIMS**

- 11.1 Waiver of Claim for Lack of Business Success. Developer acknowledges that Developer has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing and operating IDOLIZE outlets. Developer further acknowledges that no representations of performance (financial or otherwise) for the IDOLIZE outlets provided for in this Agreement has been made to Developer by Franchisor and Developer hereby waives any claim against Franchisor for any business failure Developer may experience as a developer under this Agreement.

Initial

- 11.2 Release of Prior Claims. BY EXECUTING THIS AGREEMENT, DEVELOPER INDIVIDUALLY AND ON BEHALF OF DEVELOPER'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE IDOLIZE FRANCHISING LLC, IDOLIZE, LLC, THE IDOLIZE INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT

NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

12. GENERAL

- 12.1 Independent Contractor. Developer is and shall be an independent contractor under this Agreement, and no partnership shall exist between Developer and Franchisor. This Agreement does not constitute Developer as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Developer agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other developers or franchisees of Franchisor. Pursuant to the above, Developer agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of the relationship hereby established which specifically, but not exclusively, includes costs, losses, expenses, attorneys fees relative to assignment or the transfer of right to develop and transactional costs relative thereto, defaults under any leases, subleases, notes, receipt of revenues or any other relationships arising directly or indirectly out of the development and operation of the IDOLIZE outlets.
- 12.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Developer and his or her respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Developer in this Agreement, except in accordance with Article 6 hereof.
- 12.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 12.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Developer, except the representations made to Developer in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 12.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named.

- 12.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 12.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written, or at such other address or addresses as the parties may from time to time designate in writing.
- 12.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind.
- 12.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 7 shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 12.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.
- 12.11 Survival. Any obligation of Developer that contemplates performance of such obligation after termination, expiration or transfer of this Agreement shall be deemed to survive such termination, expiration or transfer.

13. **ACKNOWLEDGMENTS.**

Developer hereby acknowledges the following:

- 13.1 Developer has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Developer and his or her efforts as an independent business operation.

Initial

- 13.2 Developer agrees that no claims of success or failure have been made to him or her prior to signing this Agreement and that he/she understands all the terms and conditions of this Agreement. Developer further acknowledges that this Agreement contains all oral and written

agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

13.3 Developer has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. Developer acknowledges that no representations or warranties are made or implied, except as specifically set forth herein. Developer represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

Initial

13.4 Franchisor expressly disclaims the making of, and Developer acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

Initial

13.5 Developer acknowledges that he or she has received the IDOLIZE Franchising LLC, Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has read such Franchise Disclosure Document and understands its contents.

Initial

13.6 Developer acknowledges that he or she has had ample opportunity to consult with his or her own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Developer with respect to this Agreement or the relationship thereby created.

Initial

13.7 Developer, together with Developer's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the rights granted by this Agreement.

Initial

The parties hereto have executed this Agreement the day and year first above written.

FRANCHISOR:

IDOLIZE FRANCHISING LLC

By: _____

(Print Name, Title)

DEVELOPER:

(Print Name)

**EXHIBIT A TO MULTI-UNIT AGREEMENT
DESCRIPTION OF DEVELOPMENT TERRITORY**

Development Territory Description- List description of Territory

EXHIBIT D
FINANCIAL STATEMENTS

IDOLIZE FRANCHISING, LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2022



IDOLIZE FRANCHISING, LLC

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Independent Auditor's Report

To the Member
Idolize Franchising, LLC
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Reese CPA LLC

Ft. Collins, Colorado
March 13, 2023

IDOLIZE FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 183,095	\$ 196,992
Accounts receivable	4,558	3,340
Accounts receivable, related party	98,541	12,672
Prepaid expense	1,050	-
Franchise acquisition costs, current portion	28,900	25,200
TOTAL CURRENT ASSETS	316,144	238,204
NON-CURRENT ASSETS		
Note receivable	-	-
Franchise acquisition costs, less current portion	187,517	182,192
TOTAL ASSETS	\$ 503,661	\$ 420,396
LIABILITIES AND MEMBER'S EQUITY:		
CURRENT LIABILITIES		
Accrued expenses	\$ 30,160	\$ -
Due to parent	300,432	287,836
Deferred brand fund revenue	39,157	28,752
Non-refundable deferred franchise revenue, current portion	39,750	35,500
TOTAL CURRENT LIABILITIES	409,499	352,088
LONG-TERM LIABILITIES		
Non-refundable deferred revenue, net, less current portion	247,687	248,125
TOTAL LIABILITIES	657,186	600,213
MEMBER'S (DEFICIT)	(153,525)	(179,817)
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 503,661	\$ 420,396

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

IDOLIZE FRANCHISING LLC
STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,

	2022	2021	2020
REVENUES			
Franchise sales	\$ 38,688	\$ 29,875	\$ 25,750
Royalty fees	186,334	185,384	19,764
Brand fund fees	25,241	809	2,809
Technology fees	30,614	11,239	2,100
	280,877	227,307	50,423
OPERATING EXPENSES			
Franchise-related costs	65,964	20,575	20,551
Advertising and promotion	20,461	809	2,266
General and administrative	26,767	57,135	8,343
Payroll	83,187	15,190	-
Professional fees	84,206	63,056	57,479
Management fee	24,000	24,000	-
	304,585	180,765	88,639
OPERATING INCOME (LOSS)	(23,708)	46,542	(38,216)
OTHER INCOME	-	-	3,000
NET INCOME (LOSS)	\$ (23,708)	\$ 46,542	\$ (35,216)

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

IDOLIZE FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBER'S (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Member's (Deficit)</u>
BALANCE, DECEMBER 31, 2019	\$ 36,000	\$ (216,043)	\$ (180,043)
Adoption of new revenue standard	-	(21,100)	(21,100)
Member contribution	10,000	-	10,000
Net (loss)	-	(35,216)	(35,216)
BALANCE, DECEMBER 31, 2020	46,000	(272,359)	(226,359)
Net income	-	46,542	46,542
BALANCE, DECEMBER 31, 2021	46,000	(225,817)	(179,817)

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

IDOLIZE FRANCHISING LLC
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2022

2021

2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ (23,708)	\$ 46,542	\$ (35,216)
Adjustments to reconcile net (loss) to net cash from operating activities:			
Recognition of non-refundable deferred franchise revenue	(38,688)	(29,875)	(25,750)
Recognition of franchise acquisition costs	27,975	20,575	17,183
Cancellation of note receivable	-	20,000	-
Changes in assets and liabilities:			
Accounts receivable	(87,087)	(13,852)	(941)
Prepaid expense	(1,050)	-	-
Franchise acquisition costs	(37,000)	(74,000)	(37,000)
Accrued expenses	30,160	-	-
Non-refundable deferred franchise revenues	42,500	87,000	45,000
Deferred brand fund revenues	10,405	28,752	-
Net cash provided by (used in) operating activities	<u>(76,493)</u>	<u>85,142</u>	<u>(36,724)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Due to parent	12,596	4,370	25,118
Member contribution	50,000	-	10,000
Net cash provided by financing activities	<u>62,596</u>	<u>4,370</u>	<u>35,118</u>

NET (DECREASE) INCREASE IN CASH

(13,897)	89,512	(1,606)
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CASH, beginning of year

<u>196,992</u>	<u>107,480</u>	<u>109,086</u>
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CASH, end of year

<u>\$ 183,095</u>	<u>\$ 196,992</u>	<u>\$ 107,480</u>
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SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Idolize Franchising, LLC ("the Company") was formed on February 22, 2017, in the state of North Carolina as a Limited Liability Company. The Company grants franchises to qualified persons or business entities to independently own and operate a distinctive "beauty spa" that operates under the IDOLIZE mark and features fast, affordable, and effective spa services, such as eyebrow and facial threading, lash, and brow services, waxing, facials and alternative hair removal services provided to Idolize Franchising, LLCs by a staff of trained professionals. All activities are conducted in designated territory under "IDOLIZE" Marks.

Parent and Affiliates

The Company's parent, Sher Holdings, Inc., is a North Carolina corporation formed on July 26, 2011.

The Company has the following affiliates:

1. TBB Whitehall LLC is a North Carolina limited liability company formed on October 6, 2010, and operates a business substantially like the Beauty Spa offered by the Company.
2. Idolize Dilworth LLC is a North Carolina limited liability company formed on October 11, 2013, and operates a business substantially like the Beauty Spa offered by the Company.
3. Idolize University, LLC is a North Carolina limited liability company formed on July 2, 2014, and operates a business substantially like the Beauty Spa offered by the Company.
4. Idolize LLC is a North Carolina limited liability company formed on March 13, 2009, and operates a business substantially like the Beauty Spa offered by the Company. Idolize LLC owns the Proprietary Marks and licenses the Proprietary Marks to the Company in connection for use within the franchise system.
5. TBB Crabtree LLC is a North Carolina limited liability company formed on October 6, 2010, and operates a business substantially like the Beauty Spa offered by the Company.
6. Idolize Huntersville LLC is a North Carolina limited liability company formed on February 1, 2022, and operates a business substantially like the Beauty Spa offered by the Company.
7. Silk Investments LLC is a North Carolina limited liability company that sells women's hair extensions through e-commerce.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

The following table summarizes the number of locations open and operating as of December 31, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Locations in operation, beginning	9	9	8
Locations opened	2	-	2
Locations terminated or closed	-	-	(1)
Locations in operation, ending	<u>11</u>	<u>9</u>	<u>9</u>
Franchised Locations	5	4	4
Affiliate owned locations	6	5	5

COVID-19

In December 2020, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

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

Cash and Cash Equivalents

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

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivables are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable during the years ended December 31, 2022, 2021 and 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2022, and 2021.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as franchise development cost) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets as of December 31, 2022, and 2021.

Income Taxes

The Company is taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of the Company's Parent and no provisions for federal or state franchise taxes have been recorded on the accompanying balance sheets.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's Parent.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition

The Company recognizes revenues under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract which is currently 10 years from the effective date of the franchise agreement.

When a franchisee purchases a Idolize Beauty Spa franchise, the Company grants the franchisee the right to conduct business in the designated territory, and the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). Revenues related to the license are continuing royalties and are 6% of gross sales and are subject to a minimum of \$250 per week beginning in the fourteenth week after the franchisee begins operations. The royalties are billed weekly and are recognized as revenue when earned. These revenues are used to continue the development of the Company’s brand, the franchise system and provide ongoing support for the Company’s franchisees over the term of the agreement.

Brand Fund Contribution

The Company has established a brand fund to provide regional and national advertising for the benefit of the franchisees. The brand fund fees are 1% of weekly gross sales and are billed weekly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent are recorded as deferred revenue on the balance sheet. As of December 31, 2022, and 2021, \$39,157, and \$28,752 were included in deferred revenue, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021, 2020 and 2018 were \$20,461, \$809, and \$2,266, respectively.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company’s ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

For the Company’s financial instruments consist of cash and cash equivalents and accounts receivable. The carrying amounts approximate fair value due to their short maturities.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for the incremental costs and a liability for unearned revenue associated with the performance obligation of the Company’s franchise agreements. The account balances and activity at December 31 are as follows:

	2022	2021
Deferred Franchise Costs:		
Balance Beginning of year	\$ 207,392	\$ 153,967
Deferral of franchise costs	37,000	74,000
Recognition of franchise-related costs	(27,975)	(20,575)
Balance at End of Year	216,417	207,392
Less: Current Portion	(28,900)	(25,200)
Deferred franchise costs, long-term portion	\$ 187,517	\$ 182,192
 Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	\$ 283,625	\$ 226,500
Deferral of non-refundable franchise fees	42,500	87,000
Recognition of non-refundable franchise fees	(38,688)	(29,875)
Balance at End of Year	287,437	283,625
Less: Current Portion	(39,750)	(35,500)
Non-refundable deferred franchise fees, long-term portion	\$ 247,687	\$ 248,125

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company’s contracts with franchisees for the years ended December 31, 2022, 2021, and 2020 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	\$ 30,614	\$ 11,239	2,100
Performance obligations satisfied through the passage of time	<u>250,263</u>	<u>216,068</u>	<u>48,323</u>
Total revenues	<u>\$ 280,877</u>	<u>\$ 227,307</u>	<u>\$ 50,423</u>

Estimated Recognition of Deferred Franchise Costs and Fees

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

	<u>Franchise Costs</u>	<u>Non-refundable Franchise Fees</u>
Year ending December 31:		
2023	\$ 28,900	\$ 39,750
2024	28,900	39,750
2025	28,900	39,750
2026	28,900	39,750
2027	28,900	39,750
Thereafter	<u>71,917</u>	<u>88,687</u>
	<u>\$ 216,417</u>	<u>\$ 287,437</u>

NOTE 3 – NOTE RECEIVABLE

Note receivable consist of a promissory note due from a franchisee that has been contributed to the Company by a member of the Company’s parent. The face amount of the note is \$20,000, does not bear interest (except in the event of default) and is due in 36 monthly payments \$556 to begin upon a date mutually agreed by the Company and the franchisee. During 2021, the note was cancelled in exchange for the franchisee provision of on-going support.

NOTE 4 – RELATED PARTY ACCOUNTS RECEIVABLE

Amounts receivable from related parties consist of royalties and other operational advances made by the Company. The amount outstanding as of December 31, 2022, and 2021 were \$98,541, and \$12,672.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DUE TO PARENT

The Company's Parent from time-to-time advanced funds to support the operations of the Company. These amounts bear no interest and are due on demand. The amount owed to the Parent was \$300,432, and \$285,436 as of December 31, 2022, and 2021.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 13, 2023, the date on which the financial statements were available to be issued.

IDOLIZE FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2021



IDOLIZE FRANCHISING, LLC

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Independent Auditor's Report

To the Member
Idolize Franchising, LLC
Charlotte, North Carolina

Report on the Financial Statements

We have audited the accompanying balance sheets of Idolize Franchising, LLC as of December 31, 2021, and 2020 and the related statements of operations, member's (deficit) and cash flows for the years ended December 31, 2021, 2020 and 2019 and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Idolize Franchising, LLC as of December 31, 2021, and 2020 and the results of their operations and their cash flows for the year ended December 31, 2021, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Reese CPA LLC". The signature is written in a cursive, flowing style.

Thornton, Colorado
April 15, 2022

IDOLIZE FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 196,992	\$ 107,480
Accounts receivable	16,012	2,160
Franchise acquisition costs, current portion	25,200	17,800
TOTAL CURRENT ASSETS	238,204	127,440
NON-CURRENT ASSETS		
Note receivable	-	20,000
Franchise acquisition costs, less current portion	182,192	136,167
TOTAL ASSETS	\$ 420,396	\$ 283,607
LIABILITIES AND MEMBER'S EQUITY:		
CURRENT LIABILITIES		
Due to parent	\$ 287,836	\$ 283,466
Deferred brand fund revenue	28,752	-
Non-refundable deferred franchise revenue, current portion	35,500	26,500
TOTAL CURRENT LIABILITIES	352,088	309,966
LONG-TERM LIABILITIES		
Non-refundable deferred revenue, net, less current portion	248,125	200,000
TOTAL LIABILITIES	600,213	509,966
MEMBER'S (DEFICIT)	(179,817)	(226,359)
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 420,396	\$ 283,607

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

IDOLIZE FRANCHISING LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	2021	2020	2019
REVENUES			
Franchise sales	\$ 29,875	\$ 25,750	\$ 45,000
Royalty fees	185,384	19,764	18,374
Brand fund fees	809	2,809	1,984
Technology fees	11,239	2,100	1,800
	227,307	50,423	67,158
OPERATING EXPENSES			
Franchise-related costs	20,575	20,551	32,037
Advertising and promotion	809	2,266	8,114
General and administrative	57,135	8,343	23,201
Payroll	15,190	-	-
Professional fees	63,056	57,479	58,415
Management fee	24,000	-	-
	180,765	88,639	121,767
OPERATING INCOME (LOSS)	46,542	(38,216)	(54,609)
OTHER INCOME	-	3,000	-
	-	3,000	-
NET INCOME (LOSS)	\$ 46,542	\$ (35,216)	\$ (54,609)

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

IDOLIZE FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBER'S (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Member's (Deficit)</u>
BALANCE, DECEMBER 31, 2018	-	(161,434)	(161,434)
Member contribution	36,000	-	36,000
Net (loss)	-	(54,609)	(54,609)
BALANCE, DECEMBER 31, 2019	36,000	(216,043)	(180,043)
Adoption of new revenue standard	-	(21,100)	(21,100)
Member contribution	10,000	-	10,000
Net (loss)	-	(35,216)	(35,216)
BALANCE, DECEMBER 31, 2020	46,000	(272,359)	(226,359)
Net income	-	46,542	46,542
BALANCE, DECEMBER 31, 2021	<u>\$ 46,000</u>	<u>\$ (225,817)</u>	<u>\$ (179,817)</u>

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

IDOLIZE FRANCHISING LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 46,542	\$ (35,216)	\$ (54,609)
Adjustments to reconcile net (loss) to net cash from operating activities:			
Recognition of non-refundable deferred franchise revenue	(29,875)	(25,750)	-
Recognition of franchise acquisition costs	20,575	17,183	-
Cancellation of note receivable	20,000	-	-
Changes in assets and liabilities:			
Accounts receivable	(13,852)	(941)	(1,219)
Franchise acquisition costs	(74,000)	(37,000)	(126,000)
Non-refundable deferred franchise revenues	87,000	45,000	138,000
Deferred brand fund revenues	28,752	-	-
Net cash provided by (used in) operating activities	<u>85,142</u>	<u>(36,724)</u>	<u>(43,828)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Due to parent	4,370	25,118	33,642
Member contribution	-	10,000	16,000
Net cash provided by financing activities	<u>4,370</u>	<u>35,118</u>	<u>49,642</u>
NET (DECREASE) INCREASE IN CASH	89,512	(1,606)	5,814
CASH, beginning of year	<u>107,480</u>	<u>109,086</u>	<u>103,272</u>
CASH, end of year	<u>\$ 196,992</u>	<u>\$ 107,480</u>	<u>\$ 109,086</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Idolize Franchising, LLC ("the Company") was formed on February 22, 2017, in the state of North Carolina as a Limited Liability Company. The Company grants franchises to qualified persons or business entities to independently own and operate a distinctive "beauty spa" that operates under the IDOLIZE mark and features fast, affordable, and effective spa services, such as eyebrow and facial threading, lash and brow services, waxing, facials and alternative hair removal services provided to clients by a staff of trained professionals. All activities are conducted in designated territory under "IDOLIZE" Marks.

Parent and Affiliates

The Company's parent, Sher Holdings, Inc., is a North Carolina corporation formed on July 26, 2011.

The Company has the following affiliates:

1. TBB Whitehall LLC is a North Carolina limited liability company formed on October 6, 2010, and operates a business substantially like the Beauty Spa offered by the Company.
2. Idolize Dilworth LLC is a North Carolina limited liability company formed on October 11, 2013, and operates a business substantially like the Beauty Spa offered by the Company.
3. Idolize University, LLC is a North Carolina limited liability company formed on July 2, 2014, and operates a business substantially like the Beauty Spa offered by the Company.
4. Idolize LLC is a North Carolina limited liability company formed on March 13, 2009, and operates a business substantially like the Beauty Spa offered by the Company. Idolize LLC owns the Proprietary Marks and licenses the Proprietary Marks to the Company in connection for use within the franchise system.
5. TBB Crabtree LLC is a North Carolina limited liability company formed on October 6, 2010, and operates a business substantially like the Beauty Spa offered by the Company.
6. Silk Investments LLC is a North Carolina limited liability company that sells women's hair extensions through e-commerce.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

The following table summarizes the number of locations open and operating as of December 31, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Locations in operation, beginning	9	8	7
Locations opened	-	2	1
Locations terminated or closed	-	(1)	-
Locations in operation, ending	<u>9</u>	<u>9</u>	<u>8</u>
Franchised Locations	4	4	2
Affiliate owned locations	5	5	6

COVID-19

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

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivables are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable during the years ended December 31, 2021, 2020 and 2019.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021, and 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as franchise development cost) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets as of December 31, 2021, and 2020.

Income Taxes

The Company is taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of the Company's Parent and no provisions for federal or state franchise taxes has been recorded on the accompanying balance sheets.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's Parent.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition

The Company recognizes revenues under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract which is currently 10 years from the effective date of the franchise agreement.

When a franchisee purchases a Idolize Beauty Spa franchise, the Company grants the franchisee the right to conduct business in the designated territory, and the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). Revenues related to the license are continuing royalties and are 6% of gross sales and are subject to a minimum of \$250 per week beginning in the fourteenth week after the franchisee begins operations. The royalties are billed weekly and are recognized as revenue when earned. These revenues are used to continue the development of the Company’s brand, the franchise system and provide ongoing support for the Company’s franchisees over the term of the agreement.

Brand Fund Contribution

The Company has established a brand fund to provide regional and national advertising for the benefit of the franchisees. The brand fund fees are 1% of weekly gross sales and are billed weekly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent are recorded as deferred revenue on the balance sheet. As of December 31, 2021, and 2020, \$28,752 and \$0 was included in deferred revenue, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2020, 2019 and 2018 was \$809, \$2,266, and \$8,114, respectively.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company’s ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

For the Company’s financial instruments consist of cash and cash equivalents and accounts receivable. The carrying amounts approximate fair value due to their short maturities.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). Management has not yet determined the effect of the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for the incremental costs and a liability for unearned revenue associated with the performance obligation of the Company’s franchise agreements. The account balances and activity at December 31 are as follows:

	2021	2020
Deferred Franchise Costs:		
Balance at beginning of year	\$ 153,967	\$ 126,000
Implementation of new revenue standard	-	8,150
Deferral of franchise acquisition costs	74,000	37,000
Recognition of franchise-related costs	(20,575)	(17,183)
Balance at end of year	\$ 207,392	\$ 153,967
Less: Current portion	25,200	17,800
Deferred franchise costs, long term portion	\$ 182,192	\$ 136,167
Deferred Franchise Revenue:		
Balance at beginning of year	\$ 226,500	\$ 178,000
Implementation of new revenue standard	-	29,250
Deferral of franchise revenue	87,000	45,000
Recognition of franchise revenue	(29,875)	(25,750)
Balance at end of year	\$ 283,625	\$ 226,500
Less: Current portion	35,500	26,500
Deferred franchise revenue, long term portion	\$ 248,125	\$ 200,000
Deferral of brand fund revenue	28,752	-

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

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

	2021	2020
Performance obligations satisfied at a point in time	\$ 11,239	\$ 2,100
Performance obligations satisfied through the passage of time	216,068	48,323
Total revenues	\$ 227,307	\$ 50,423

Estimated Recognition of Deferred Franchise Costs and Fees

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues fees as reported at December 31, 2021, is as follows:

	Franchise Acquisitions Costs	Deferred Franchise Revenue
2021	\$ 25,200	\$ 35,500
2022	25,200	35,500
2023	25,200	35,500
2024	25,200	35,500
2025	25,200	35,500
Thereafter	81,392	106,12
	\$ 207,392	\$ 283,625

NOTE 3 – NOTE RECEIVABLE

Note receivable consist of a promissory note due from a franchisee that has been contributed to the Company by a member of the Company’s parent. The face amount of the note is \$20,000, does not bear interest (except in the event of default) and is due in 36 monthly payments \$556 to begin upon a date mutually agreed by the Company and the franchisee. During 2021, the note was cancelled in exchange for the franchisee provision of on-going support.

NOTE 4 – DUE TO PARENT

The Company’s Parent from time-to-time advanced funds to support the operations of the Company. These amounts bear no interest and are due on demand. The amount owed to the Parent was \$285,436 and \$283,466 as of December 31, 2021, and 2020.

IDOLIZE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 6 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 15, 2022, the date on which the financial statements were available to be issued.

EXHIBIT E
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. 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 <https://docqnet.dfpi.ca.gov/>.
3. Item 3 is amended to add:

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange. [L] [SEP]
4. Item 17 is amended to state:
 - (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.). [L] [SEP]
 - (b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. [L] [SEP]
 - (c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable. [L] [SEP]
 - (d) The Franchise Agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law. [L] [SEP]
5. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.
6. Attachment 7 to the Franchise Agreement has been amended to delete statements No.1, No. 2, No. 4, and No. 5.
7. Section 13 of the Multi Unit Agreement has been amended to delete acknowledgement number 13.4.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

The Illinois Attorney General requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”). To the extent that (i) the jurisdictional requirements of the Act are met and (ii) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

- (a) Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- (b) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
- (c) Any condition, stipulation, or provision purporting to bind a franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent a franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- (d) Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Registration and Disclosure Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- 1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing an IDOLIZE Brows and Beauty franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.
- 2. Item 5 is amended to state:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
- 3. Item 17 is amended to state:
 - (a) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment and/or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
 - (b) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).
 - (c) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - (d) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
- Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.
- Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
- Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent

conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), 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.

6. 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.

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

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

8. The following is added to the end of the “Summary” 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.

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for IDOLIZE Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to 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 and development agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

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

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

3. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$220,713 to \$352,412. This amount exceeds the franchisor's stockholder’s equity as of December 31, 2020, which is \$(226,359)

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

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

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

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

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

To the extent required by the Act, transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

STATE SPECIFIC ADDENDA
TO THE FRANCHISE AGREEMENT

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached IDOLIZE Franchising Agreement (the "Franchise Agreement"), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois."

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Illinois law governs the terms of this Franchise Agreement."

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

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

5. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"In conformance with section 15 of the Illinois Franchise Disclosure Act of 1987, and section 200.500 of the Illinois Administrative Rules promulgated thereunder, and due to **Franchisor's limited working capital and limited Member's equity**, payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

See the last page of this Exhibit E for your Signature.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached IDOLIZE Franchising Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 4.A.1 of the Franchise Agreement is hereby amended to add:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

3. To the extent of any inconsistencies, Section 15.A.2 of the Franchise Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*)”

3. To the extent of any inconsistencies, Section 21.E of the Franchise Agreement is hereby amended to further state:

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

4. To the extent of any inconsistencies, Section 21.I of the Franchise Agreement is hereby amended to further state:

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

5. 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.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases)

that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

- Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.
- Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
- Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

Notwithstanding any provision of the Franchise Agreement, all rights enjoyed by Franchisee and any causes of action arising in its 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 the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

Section 11(C) of the Franchise Agreement is hereby modified by adding the following sentence after the last sentence/subsection thereof: "However, the Franchisee shall not be required to indemnify for any claims to the extent such claims arise out of a breach of this Agreement or other civil wrong of the Franchisor."

No new or different requirements imposed on Franchisee as a result of any changes made by Franchisor to its Manual pursuant to the terms of the Franchise Agreement, and these changes will not otherwise place an unreasonable economic burden on Franchisee.

Notwithstanding any provision of the Franchise Agreement to the contrary, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to Article 33 of the General Business Law of the State of New York.

Section 21(D) of the Franchise Agreement is hereby modified by adding the word "apply to" in the first sentence thereof after the word "to" and before the word "obtain."

Notwithstanding Sections 21(A) or 21(E) of the Franchise Agreement, the choice of law and venue provisions should not be construed as a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York.

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for IDOLIZE Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to 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 and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

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

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

3. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$220,713 to \$352,412. This amount exceeds the franchisor's stockholder's equity as of December 31, 2020, which is \$(226,359).

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act"), the parties to the attached IDOLIZE Franchising LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.
2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
3. In the event of a conflict of laws, the provisions of the Act shall prevail.
4. To the extent required by the Act, a release or waiver of rights executed by a franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
5. To the extent required by the Act, transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Law are met independently without reference to this Amendment.

FOR RESIDENTS AND FRANCHISES OPERATIONAL IN STATES LISTED IN THIS ADDENDUM

Notwithstanding Section 22 of the Franchise Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement. In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum shall be controlling. Except as otherwise expressly set forth herein, no other amendments or modifications of the Franchise Agreement are intended or made by the parties.

Applicable States: Illinois, Maryland, Minnesota, New York, Virginia, Washington

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written.

FRANCHISEE:

_____(SEAL)

_____(SEAL)

[OR]

FRANCHISOR:

IDOLIZE FRANCHISING LLC

By: _____

Title: _____

OWNERS (SHAREHOLDERS/PARTNERS/
MEMBERS):

Corporate Name, Partnership or
Limited Liability Company

_____(SEAL)

By: _____

STATE SPECIFIC ADDENDA
TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached IDOLIZE Franchising Multi-Unit Development Agreement (the “Multi-Unit Development Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 6 of the Multi-Unit Development Agreement such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 4.1 of the Multi-Unit Development Agreement is hereby amended to add:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.”

3. To the extent of any inconsistencies, Section 7.1 of the Multi-Unit Development Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*)”

3. To the extent of any inconsistencies, Section 10.3 of the Multi-Unit Development Agreement is hereby amended to further state:

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

4. To the extent of any inconsistencies, Section 10.7 of the Multi-Unit Development Agreement is hereby amended to further state:

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

5. 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.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Multi-Unit Development Agreement on the same date as that on which the Multi-Unit Development Agreement was executed.

DATE: _____

FRANCHISOR:

IDOLIZE FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for IDOLIZE Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

- 1. Additional Disclosure: The following statements are added to 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 and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Virginia Amendment to the Multi-Unit Development Agreement on the same date as that on which the Multi-Unit Development Agreement was executed.

DATE: _____

FRANCHISOR:

IDOLIZE FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

**EXHIBIT F
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF OPEN FRANCHISEES AS OF DECEMBER 31, 2022

*SHREEJA HOLDINGS, LLC, PURWA DIVYESH SHAH AND DIVYESH GAMANLAL SHAH, 8321 NIAYAH
WAY, RALEIGH, NC 27612 PHONE: 919-741-3730*

*DIVYAAN HOLDINGS, LLC
5726 CACTUS VALLEY RD, CHARLOTTE, NC 28277*

*GOHAR AND CECILIA BUTT
5600 W. LOVERS LANE, SUITE 111
DALLAS, TX 75209 PHONE 469-983-0048*

*IDOLIZE EAST HANOVER
DINESH PATEL
240 ROUTE 10 W, UNIT 12,
EAST HANOVER, NJ 07936
(973) 786-1600*

*IDOLIZE HILLIARD
3943 BRITTON PKWY
HILLIARD, OH 43026
(614) 541-3227*

-

LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM IN THE PAST FISCAL YEAR

*SAM AND JAMI SVAY
9826 GILEAD RD. #C-108, HUNTERSVILLE, NC 28078 PHONE 704-270-4141*

EXHIBIT G
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION 1: INTRODUCTION AND OVERVIEW

- 1.1 Welcome Letter
- 1.2 IDOLIZE History
- 1.3 IDOLIZE Culture, Mission and Vision
- 1.4 Franchisee/Franchisor Relationship
- 1.5 Pre-Opening Checklist

SECTION 2: ESTABLISHING THE BUSINESS

- 2.1 Business Overview
 - 2.1.1 Business Structure
 - 2.1.2 Overview of Entity Choices
 - 2.1.3 Naming Your Entity
 - 2.1.4 Employer Identification Number
 - 2.1.5 Setting up Banking Relationships
- 2.2 Site Selection Process
 - 2.2.1 Site Selection Criteria
 - 2.2.2 Seeking Approval for Proposed Site(s)
 - 2.2.3 Letter of Intent
 - 2.2.4 Lease Considerations
 - 2.2.5 Hiring a Real Estate Attorney
 - 2.2.6 Lease Negotiation and Approval
- 2.3 Licenses, Permits and Taxes
 - 2.3.1 Introduction
 - 2.3.2 Business Licenses and Permits
 - 2.3.3 Tax Registrations and Payments
 - 2.3.4 State Information Web Sites
- 2.4 Setting Up Your Spa
 - 2.4.1 Building Out the Spa
 - 2.4.2 Construction Specifications
 - 2.4.3 Required Furnishings, Fixtures and Equipment
 - 2.4.4 Utilities / Services
- 2.5 Training
 - 2.5.1 Scheduling Initial Training
 - 2.5.2 Training Outline
- 2.6 Initial Inventory and Supplies
 - 2.6.1 Required Items
 - 2.6.2 List of Approved Suppliers
- 2.7 Insurance Coverage
 - 2.7.1 General Insurance Requirements
 - 2.7.2 Minimum Coverage Amounts

SECTION 3: PERSONNEL

- 3.1 Introduction
- 3.2 Employment Law Basics
 - 3.2.1 Employee Rights / Employer Responsibilities
 - 3.2.2 Federal Regulations on Employment Relationships
 - 3.2.3 State Employment Laws
 - 3.2.4 OSHA
- 3.3 Job Descriptions
 - 3.3.1 Job Responsibilities
- 3.4 Recruiting Employees
 - 3.4.1 Sources of Employee Candidates
 - 3.4.2 Job Advertisements
- 3.5 Job Applications
 - 3.5.1 Application Form
 - 3.5.2 Confidentiality of Applications
- 3.6 Interviewing Job Applicants
 - 3.6.1 Preparing For Interviews
 - 3.6.2 Conducting Successful Interviews
 - 3.6.3 Questions to Avoid
- 3.7 New Employee Paperwork
- 3.8 New Employee Orientation
- 3.9 New Employee Training
- 3.10 Personnel Policies
- 3.11 Employee Scheduling
- 3.12 Performance Evaluations
- 3.13 Terminating Employees

SECTION 4: MARKETING THE BUSINESS

- 4.1 Promoting the Business in Your Area
 - 4.1.1 Your General Obligations
 - 4.1.2 Educating the Public
 - 4.1.3 Guidelines for Using Logos/Marks
 - 4.1.4 Marketing Standards
 - 4.1.5 Website/Web Design
- 4.2 Logo Specifications
 - 4.2.1 Logo Design
 - 4.2.2 Brand Standards
 - 4.2.3 Service Menus
 - 4.2.4 E-mail and Electronic Media Communications
- 4.3 Obtaining Marketing Approval
- 4.4 Required Marketing Expenditures
 - 4.4.1 System Marketing
 - 4.4.2 Local Marketing Requirements
- 4.5 Local Marketing

- 4.5.1 Introduction
- 4.5.2 Promoting the Brand via the Website
- 4.5.3 Internet Advertising
- 4.5.4 Social Media
- 4.5.5 Networking and Referral Marketing
- 4.5.6 Direct Mail, E-mail and Text Messaging
- 4.5.7 Print and Flyers
- 4.5.8 POP and Merchandising
- 4.5.9 Events and Shows
- 4.6 Public Relations and Community Involvement
 - 4.6.1 Press Releases
 - 4.6.2 Community Service
 - 4.6.3 Business Associations
 - 4.6.4 Grand Opening/Event Marketing

SECTION 5: OPERATING PROCEDURES

- 5.1 Introduction
- 5.2 Hours of Operations
- 5.3 Our Services
- 5.4 Cleaning, Sanitation, and Maintenance Guidelines
 - 5.4.1 Tools and Equipment
 - 5.4.2 Stations and Treatment Rooms
 - 5.4.3 Lobby and Front Counter Area
 - 5.4.4 Storage Areas
 - 5.4.5 Restrooms
 - 5.4.6 General Facility
- 5.5 The Importance of Customer Satisfaction
 - 5.5.1 The Customer Experience
 - 5.5.2 Scheduling and Appointments
 - 5.5.3 Handling Customer Complaints
- 5.6 Daily Procedures
 - 5.6.1 Opening Procedures
 - 5.6.2 Performing Services
 - 5.6.3 Closing Procedures
- 5.7 Managing Inventory
 - 5.7.1 Inventory Checklists
- 5.8 POS System
 - 5.8.1 Introduction
 - 5.8.2 Accepting Payment
 - 5.8.3 Gift Cards, Loyalty Programs and Discounts
- 5.9 Accounting and Financial Management
 - 5.9.1 Office Responsibilities
 - 5.9.2 Suggested Revenue Reports
 - 5.9.3 Banking Procedures
 - 5.9.4 Accounting and Bookkeeping
- 5.10 Safety and Security Procedures

5.11 Franchise Fees and Reporting Requirements

5.11.1 Royalty Fee

5.11.2 Brand Development Fee

5.11.3 Required Reporting

5.11.4 Financial Statements

5.11.5 Sample Chart of Accounts

**EXHIBIT H
TO THE IDOLIZE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT**

SAMPLE RELEASE AGREEMENT

In consideration for the consent of IDOLIZE Franchising LLC (the “Franchisor”) to the assignment by _____ (“Franchisee”) of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated _____ (the “Franchise Agreement”), Franchisee and its principals hereby remise, release, and forever discharge Franchisor, its affiliates, parents, subsidiaries, principals, officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature through the date of this Release, including but not limited to those arising out of or existing under (a) the Franchise Agreement and the parties’ respective rights and obligations thereunder, (b) the offer and sale of the IDOLIZE franchised business described therein, and (c) the franchise relationship between the parties hereto, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the _____ day of _____, 20____

FRANCHISEE:

By: _____

Print Name: _____

By: _____

Print Name : _____

EXHIBIT I

IDOLIZE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the IDOLIZE Franchising LLC, Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS,

LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE IDOLIZE FRANCHISING LLC, AND ANY OF IDOLIZE FRANCHISING LLC'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE:

By: _____

(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 states below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

EXHIBIT J
RECEIPTS

RECEIPTS (OUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If IDOLIZE Franchising LLC offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If IDOLIZE Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 21, 2023.

I have received a Franchise Disclosure Document with an issue date of April 21, 2023, which contained the following Exhibits.

- | | |
|---|---|
| A. List of State Franchise Administrators/Agents for Service of Process | F. List of Franchisees and Franchisees That Left Our System |
| B. Franchise Agreement (and Attachments) | G. Operations Manual Table of Contents |
| C. Multi-Unit Development Agreement | H. Sample Termination and Release Agreement |
| D. Financial Statements | I. IDOLIZE Acknowledgement Statement |
| E. State Specific Addenda | J. Receipts |

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

- Mo Pandoria, 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226 or 704-612-2255
-

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

RECEIPTS (YOUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If IDOLIZE Franchising LLC offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If IDOLIZE Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 21, 2023.

I have received a Franchise Disclosure Document with an issue date of April 21, 2023, which contained the following Exhibits.

- | | |
|---|---|
| A. List of State Franchise Administrators/Agents for Service of Process | F. List of Franchisees and Franchisees That Left Our System |
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- Mo Pandoria, 8058 Corporate Center Drive, Suite 250, Charlotte, North Carolina 28226 or 704-612-2255

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)