



## FRANCHISE DISCLOSURE DOCUMENT

Heyday Franchise, LLC  
A Delaware limited liability company  
251 Little Falls Drive  
Wilmington, Delaware 19808  
(929) 314-2725  
franchising@heydayskincare.com  
[www.heydayskincare.com](http://www.heydayskincare.com)

The franchise offered is to develop and operate a skincare shop concept under the “HEYDAY®” name and other trademarks that currently provides, following a proprietary system, various skincare services and products in a warm and inviting retail environment.

The total investment necessary to begin operation of a new HEYDAY Shop franchise is \$966,010 to \$1,230,590 (including real estate costs). This includes \$207,010 to \$333,290 that must be paid to the franchisor or affiliate. If you want development rights, you must pay us a development fee for all of the HEYDAY Shops you agree to develop (the amount of which depends on the number of Shops to which you commit). The total investment necessary to begin operation if you acquire development rights (for a minimum of 2 Shops) is \$1,026,010 to \$1,290,590 (including real estate costs). This includes \$267,010 to \$393,290 that must be paid to the franchisor or affiliate.

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.**

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

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

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

Issuance date of this Franchise Disclosure Document: August 4, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 J.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only HEYDAY Shop business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a HEYDAY Shop franchisee?</b>	Item 20 or Exhibit J lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and the Development Rights Agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in the franchisor's then-current home state (currently Delaware). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (currently Delaware) than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE  
MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa, Lansing, Michigan 48933  
(517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration sections in our Franchise Agreement and Development Rights Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement and the Development Rights Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

## TABLE OF CONTENTS

	<b>Page</b>
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....	1
ITEM 2 BUSINESS EXPERIENCE .....	3
ITEM 3 LITIGATION.....	4
ITEM 4 BANKRUPTCY .....	4
ITEM 5 INITIAL FEES.....	5
ITEM 6 OTHER FEES.....	7
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	18
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	23
ITEM 9 FRANCHISEE’S OBLIGATIONS .....	29
ITEM 10 FINANCING.....	32
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	33
ITEM 12 TERRITORY .....	48
ITEM 13 TRADEMARKS.....	53
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	54
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	56
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	57
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION .....	58
ITEM 18 PUBLIC FIGURES.....	67
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	67
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....	80

**TABLE OF CONTENTS (CONT'D)**

	<b>Page</b>
ITEM 21 FINANCIAL STATEMENTS .....	85
ITEM 22 CONTRACTS.....	85
ITEM 23 RECEIPTS .....	85
<b><u>EXHIBITS</u></b>	
Exhibit A Financial Statements	
Exhibit B Franchise Agreement	
Exhibit C Development Rights Agreement	
Exhibit D Operations Source Table of Contents	
Exhibit E List of State Agencies/Agents for Service of Process	
Exhibit F Franchisee Representations Document	
Exhibit G Form of General Release	
Exhibit H State-Specific Additional Disclosures and Agreement Riders	
Exhibit I Shop Opening Services Agreement	
Exhibit J List of Franchisees / Departed Franchisees	
State Effective Dates	
Receipts	



**Item 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

**The Franchisor**

The franchisor is Heyday Franchise, LLC (“we,” “us,” or “our”). “You” means the entity to which we grant a franchise and, if applicable, development rights. Your owners must sign our “Guaranty and Assumption of Obligations” or “Owner’s Undertaking of Non-Monetary Obligations” (depending on the ownership percentage). This means all or some of our Franchise Agreement’s provisions (Exhibit B) also will apply to your owners.

We are a Delaware limited liability company formed on December 23, 2020. Our principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808. We conduct business primarily under our limited liability company name and the “HEYDAY®” trademark and under no other name. We have no predecessors. If we have an agent in your state for service of process, we disclose that agent in Exhibit E.

Our direct parent company is Heyday Wellness LLC (“Heyday Wellness”), whose principal business address is the same as ours. We have no other parent companies.

We have several affiliates disclosable in this Item:

(1) Heyday IP LLC (“Heyday IP”), whose principal business address is the same as ours, owns the trademarks, operating systems, and other intellectual property we license to franchisees. It licenses that intellectual property to us for use in our franchise program. Heyday IP has never operated a HEYDAY Shop or offered franchises in any line of business.

(2) Heyday Product LLC (“Heyday Product”), whose principal business address is the same as ours, sells and distributes to franchisees retail and back-bar products from select vendors. Heyday Product has never operated a HEYDAY Shop or offered franchises in any line of business.

(3) Heyday Ecomm LLC (“Heyday Ecomm”), which also shares our principal business address, operates the online and ecommerce product sale and distribution program. Heyday Ecomm has never operated a HEYDAY Shop or offered franchises in any line of business.

(4) Heyday Gift Card LLC (“Heyday Gift Card”), whose principal business address is 8825 N. 23<sup>rd</sup> Avenue, Suite 100, Phoenix, Arizona 85021, will operate the HEYDAY-brand gift-card program. Heyday Gift Card has never operated a HEYDAY Shop or offered franchises in any line of business.

(5) Heyday Shop Opening Services LLC (“Heyday Shop Opening Services”), whose principal business address is the same as ours, will operate the new real estate liaison and Shop design, construction, and development services program. You will sign its Shop Opening Services Agreement (Exhibit I) when you sign your Franchise Agreement. Heyday Shop Opening Services has never operated a HEYDAY Shop or offered franchises in any line of business.

No other affiliates are disclosable in this Item.

### The Franchise Offered

We grant franchises to develop and operate a skincare shop concept identified by the Marks (defined below) that currently provides, following a proprietary system, various skincare services and products in a warm and inviting retail environment. We call these Shops “HEYDAY Shops.” In this disclosure document, we refer to your HEYDAY Shop as the “Shop.” HEYDAY Shops operate under the trademarks, service marks, and other commercial symbols we periodically designate, including “HEYDAY®” (the “Marks”), and the mandatory specifications, standards, operating procedures, and rules we periodically specify for HEYDAY Shops (“Brand Standards”). Your Shop must offer the services and products we specify. Our system includes a strong brand image, education and training programs, facial and skincare procedures, customer-service standards and procedures, membership programs, gift-card programs, and advertising and marketing specifications and requirements.

We also may grant multi-unit development rights to qualified franchisees, which then may develop a specific number of HEYDAY Shops within distinct development areas encompassed within a larger protected radius according to a pre-determined, mandatory development schedule. Those franchisees may open and operate their HEYDAY Shops directly or through “Approved Affiliates,” which are entities whose majority ownership is owned and controlled by you or your owners. Our Development Rights Agreement (Exhibit C), which we also reference as “DRA,” governs a franchisee’s multi-unit development rights and obligations. If you sign a Development Rights Agreement, you (or your Approved Affiliate) also will sign a Franchise Agreement for your first HEYDAY Shop at the same time.

Franchisees signing our DRAs must sign our then-current form of Franchise Agreement for each additional HEYDAY Shop they develop under the DRA. While that form may differ substantially and materially year to year from the first Franchise Agreement they sign for their first HEYDAY Shop to be developed (our current version of Franchise Agreement is disclosed in this disclosure document), we will reduce the upfront fees for the 3<sup>rd</sup> and each subsequent HEYDAY Shop you commit to develop under the DRA. We also commit to charge during the initial franchise term for each HEYDAY Shop you develop under the DRA the same Royalty we charge you under the first Franchise Agreement you sign. However, if you and your Approved Affiliates are—when the next franchise agreement is signed—in default under the DRA or any franchise agreement then in effect with us for HEYDAY Shops, we will charge you our then-current Royalty .

We have offered franchises and development rights for HEYDAY Shops since January 2021. We have no other material business activities and have not offered franchises in other lines of business. While we have never operated a HEYDAY Shop, our affiliated entities have owned and operated HEYDAY Shops since approximately 2014.

### Nature of Market and Competition

Your Shop will offer services and products to the general public throughout the year. Skincare services and products are part of a well-developed, competitive market. You will

compete with numerous businesses, including both high-end salons and spas offering facials at higher price points and budget salons and spas that offer facials at similar price points but in a less-inviting environment. Other HEYDAY Shops located outside your area of protection, but which market and advertise in your market, also might compete with your Shop.

### Laws and Regulations

Most states and local jurisdictions have enacted laws and regulations that might impact the operation of Shops in particular, including those requiring the licensing of estheticians and cosmetologists; use, storage, and disposal of certain solutions featured in providing facials and other services to customers; and special ventilation in your Shop. You must comply with these laws and with laws applying generally to all businesses. You should investigate these laws and regulations when evaluating your franchise acquisition.

## **Item 2** **BUSINESS EXPERIENCE**

### Chief Executive Officer: Andy Taylor

Mr. Taylor has been our Chief Executive Officer, and the Chief Executive Officer of Heyday Wellness LLC, since June 2023. Mr. Taylor was the Chief Executive Officer of Levain Bakery, located in New York, New York, from March 2018 to June 2023.

### Chief Operating Officer: Arielle Mortimer

Ms. Mortimer has been our Chief Operating Officer, and the Chief Operating Officer of Heyday Wellness LLC, since November 2021. Ms. Mortimer was the Senior Vice President of Operations for Kindbody, located in New York, New York, from March 2019 to November 2021 and Chief Operating Officer for Revere, also located in New York, New York, from September 2016 to November 2018. Ms. Mortimer was in between positions from November 2018 to March 2019.

### Vice President of Franchise Shop Operations: Kathleen Carroll

Ms. Carroll has been our Vice President of Franchise Shop Operations since April 2022. Ms. Carroll served as Chief Operating Officer of Movati Athletic, located in Ontario, Canada, from June 2016 to June 2021. Ms. Carroll was in between positions from June 2021 to April 2022.

### Head of Product & User Experience: Nandhita Kumar

Ms. Kumar has been our Head of Product & User Experience since February 2021. Ms. Kumar was the Director of Design for Chainalysis, located in New York, New York, from December 2019 to January 2021. She served as the Design Lead for Client Experience for WeWork, located in New York, New York, from July 2019 to November 2019 and the Director of Design for Prolific Interactive, located in San Francisco, California, from July 2015 to June 2019.

Vice President of Marketing: Katie Lynch

Ms. Lynch has served as Vice President of Performance Marketing for Heyday Wellness since June 2022. Ms. Lynch served as Senior Director of Marketing for New York City Football Club, located in New York, New York, from June 2020 to June 2022 and as Director of Marketing for New York Road Runners, located in New York, New York, from March 2015 to January 2020.

Vice President of Customer Experience & Innovation: Rachel Lubin

Ms. Lubin has served as Vice President of Customer Experience for Heyday Wellness in New York, New York, since November 2022, having served as Vice President of Finance and Strategy from January 2021 through November 2022. Ms. Lubin has also been Chief Executive Officer for The Lane Social Club in Washington, DC since August 2019. Ms. Lubin served as Vice President of CX & Retention for Framebridge, Inc. in Washington, DC from October 2017 to August 2019, its Vice President of BI & Strategy from July 2017 to August 2019, and its Director of BI & Strategy from April 2015 to July 2017.

Senior Director of Learning and Development: Shane Bryant

Mr. Bryant has served as Senior Director of Learning and Development for Heyday Wellness since February 2021. Mr. Bryant served as Vice President of Learning and Development for PROSE Franchising in Scottsdale, Arizona from April 2020 to February 2021 and as its Director of Learning and Development from August 2019 to April 2020 and was Senior Leadership Development Consultant for Massage Envy in Scottsdale, Arizona from July 2015 to July 2019.

Director of Talent and Culture: Collin Russell

Mr. Russell has served as Director of Talent and Culture for Heyday Wellness since July 2020 located in New York, New York, having served as its Manager of Talent from October 2018 to June 2020. From January 2017 to October 2018, Mr. Russell served as Manager, Instructor Programming and Talent Management for SoulCycle in Philadelphia, Pennsylvania.

**Item 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**Item 5**  
**INITIAL FEES**

**Franchise Agreement**

You must pay us a \$60,000 initial franchise fee in a lump sum when you sign the Franchise Agreement. It is not refundable under any circumstances. The Franchise Agreement will not be effective, and you will have no franchise rights, until we receive the initial franchise fee. No initial franchise fee is due if you sign a Franchise Agreement in connection with developing a Shop under a Development Rights Agreement (see below). The initial franchise fees we received during 2022 ranged from \$30,000 to \$50,000.

One of our affiliates is currently the only approved supplier of skincare products for HEYDAY Shops. You must purchase all skincare products (both retail and backbar items) from that affiliate. Before you open your Shop, you must purchase an initial opening inventory of skincare products and certain equipment and tools used to provide Shop services and retail sales. We estimate this initial cost to range from \$84,010 to \$137,790. This payment is not refundable.

You (or your Approved Affiliate) must hire (and contract directly with) our designated Shop Development Team—which currently is our affiliate Heyday Shop Opening Services—to provide certain real estate liaison and Shop design, construction, development, and other related project-site services. You (or your Approved Affiliate) must pay Heyday Shop Opening Services directly a \$53,000 fee under the Shop Opening Services Agreement, which we have the right to require you to sign when you sign the Franchise Agreement. Of this amount, \$27,000 is due at signing; the remaining \$26,000 is due within 5 calendar days after our Franchise Real Estate Committee approves your site. You (or your Approved Affiliate) also must pay Heyday Shop Opening Services (when incurred) its actual travel-related expenses for all on-site visits during the Shop’s site selection, design, construction, and development phases. These include coach or economy airfare, local transportation, accommodations in a facility subject to our approval, meals, and a daily allowance for reasonable miscellaneous expenses. Heyday Shop Opening Services will hire on your (or your Approved Affiliate’s) behalf outside service providers and vendors to perform the services and provide the goods encompassed within the design, construction, development, and related project-site services necessary to complete the Shop’s construction and development, including design professionals, engineers, architects, and general contractors. We estimate that Heyday Shop Opening Services will conduct up to 5 on-site visits during the Shop’s site-selection, construction, and development phases. We estimate the per-visit cost at up to \$1,500 per person (with one person typically conducting the visit). This payment is not refundable.

You must conduct a public relations and market introduction program for the Shop, which we expect to begin approximately 4 months before and to continue for approximately 3 months after the Shop opens (although we have the right to specify a different timeframe). We will consult with you about what type of public relations and market introduction program we believe is most suitable for your Shop and will create and implement the program for you. You must spend at least \$65,000 on the market introduction program, which includes approximately \$45,000 for production, local grassroots efforts, and media placement (including pre-sales of memberships) and approximately \$20,000 for a public-relations agency and our creation and

implementation of the market introduction program for you. You must pay us (or at our direction) the \$65,000 at the times and in the installments we specify. We will spend for you the money dedicated for production, local grassroots efforts, and media placement in the Shop’s market in compliance with the planned market introduction program. This payment is not refundable.

We provide initial training for up to 2 people, which includes the Managing Owner and the Operator, at no additional fee. We have the right to charge our then-current training fee (currently ranging from \$3,000 to \$4,000) for each additional person you wish to send to initial training and for any required retraining of the original attendees. This payment is not refundable.

If your Managing Owner, Operator, or other training attendee cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is one-half of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin. This fee, not to exceed \$4,000, is due immediately and is not refundable.

We will send one operations and one skincare trainer to your Shop to facilitate and oversee the training and certification of your employees on our philosophy and Brand Standards. We expect the trainers to be present at the Shop for a total of 8 to 12 days (as we determine) beginning approximately 2 weeks before the Shop opens. You are solely responsible for all costs of training your front-of-house employees and estheticians, including their wages and travel, lodging, and dining expenses. You must pay us a nonrefundable \$10,000 fee for this pre-opening on-site training (which includes our providing printed training materials and essential Shop resources), plus all travel-related expenses for our trainers.

If you purchase an existing Shop from a franchisee, you will not pay an initial franchise fee. Instead, we receive a transfer fee (and, if applicable, a resale program fee) from you or the selling franchisee (depending on your arrangement). This payment is not refundable.

Development Rights Agreement

If you sign our DRA because you commit to develop multiple HEYDAY Shops within a protected radius encompassing multiple development areas, we currently charge a development fee that you must pay in full when you sign the DRA. The DRA will not be effective, and you will have no development rights, until we receive the Development Fee. The development fee depends on the number of Shops you commit to develop:

NUMBER OF SHOPS	DEVELOPMENT FEE
2	\$120,000
3	\$150,000
5	\$200,000
10	\$300,000

NUMBER OF SHOPS	DEVELOPMENT FEE
20+	\$500,000 (plus \$25,000 for 21 <sup>st</sup> and each subsequent Shop)

We will identify the number of Shops you must develop; the deadlines for signing their Franchise Agreements and Shop Opening Services Agreements, for finding and securing their proposed sites, and for opening them; and the applicable development fee before signing the DRA. The development fee is not refundable under any circumstances. If you sign the DRA, pay the development fee, and then fail to perform as required (in which case we terminate the DRA), we have the right to keep the entire development fee and need not return any money to you. No initial franchise fee is due when you sign a Franchise Agreement under a DRA.

In certain markets and under certain circumstances, we might offer incentives or limited promotions for reduced development fees to encourage multi-unit development. The development fees we received during 2022 ranged from \$150,000 to \$300,000.

**Item 6**  
**OTHER FEES**

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Royalty Fee	7% of Shop's weekly Gross Revenue <sup>(3)</sup>	Due by Thursday of each calendar week for weekly period ending on Tuesday <sup>(4)</sup>	
Brand Fund Contributions	The maximum amount we have the right to charge franchisees is 3% of Shop's weekly Gross Revenue.  We currently charge franchisees 2% of Shop's weekly Gross Revenue.	Due by Thursday of each calendar week for weekly period ending on Tuesday <sup>(4)</sup>	
Ongoing Marketing Investment	At least \$7,000 per month (but no more than \$20,000 per month) beginning in the 4 <sup>th</sup> month after your Shop opens and then during each successive calendar month through the 18 <sup>th</sup> month after your Shop opens.	Monthly, as specified	You must pay us or our designated third-party agency or vendor this monthly amount for the marketing activities and services we specify or approve to promote the Shop in its metropolitan statistical area. This fee encompasses the cost of administrative services to conduct the marketing activities.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
	At least \$5,000 per month (but no more than \$15,000 per month) beginning in the 19 <sup>th</sup> month after your Shop opens and then during each successive calendar month through the end of the franchise term.		This fee is in addition to your required Brand Fund contributions (above) and your Local Marketing Requirement (below).
Local Marketing Requirement	At least 3% of your Shop's projected annual Gross Revenue.	Due annually	We have the right to require you to spend a substantial portion, or even most, of the Local Marketing Requirement during a specific, limited timeframe during the year.  If you do not spend (or prove that you spent) the Local Marketing Requirement, we have the right to, among other rights, require you to contribute the shortfall to the Brand Fund. At our request, you must pay us the Local Marketing Requirement, which we will then spend for you in your market for marketing materials and activities.
Technology Fee	The maximum amount we have the right to charge franchisees is 2% of Shop's weekly Gross Revenue.  We currently charge franchisees \$800 each week.	Due by Thursday of each calendar week for weekly period ending on Tuesday <sup>(4)</sup>	The Technology Fee is for technology products or services we determine to associate with or utilize in the System and to cover all or certain portions of the corresponding costs. The Technology Fee currently covers ongoing licensing associated with internal/external communications, learning-management platforms, recruiting platforms, operational-data analytics, and data input/storage.



Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Member Services Center Fee (“MSC Fee”)	<p>The maximum amount we have the right to charge franchisees is 2% of Shop’s Gross Revenue.</p> <p>We do not currently charge franchisees this fee but have the right to begin collecting it upon notice to you.</p>	As specified	<p>We have the right, directly or through a designated source (including an affiliate), to develop, implement, operate, maintain, and improve a member services center for the benefit of all HEYDAY Shops and which all HEYDAY Shops must use. The MSC will perform various services for HEYDAY Shops and their customers, including scheduling appointments for facials and other services, handling customer inquiries, helping resolve customer complaints and concerns, and maintaining a customer database that provides management reports to franchisees.</p>
Cooperative Contributions	<p>While we have the right to allow an advertising Cooperative to determine by majority vote—with each HEYDAY Shop, including our company and affiliate-owned Shops, entitled to one vote—the amount of required contributions, those contributions will not exceed any HEYDAY Shop’s Local Marketing Requirement (currently 3% of Gross Revenue).</p>	As specified	<p>We have not yet formed any Cooperatives and do not yet require Cooperative contributions.</p>

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Reimbursement of Transaction-Processing Fees or Merchant-Services Fees	Generally out-of-pocket cost reimbursement.	As incurred	You must reimburse the transaction-processing fees, merchant-services fees, and similar fees we pay on your Shop's behalf for transactions through our Loyalty Program Media and customer loyalty/affinity programs.
Successor Franchise Fee	\$5,000	When you sign successor franchise agreement (if you have that right)	
Transfer of Non-Controlling Ownership Interest in Franchisee	\$5,000	Upon transfer	
Transfer of Franchise Rights or Controlling Ownership Interest in Franchisee	Transfer fee is (i) 50% of our then-current initial franchise fee if the transferee is an existing HEYDAY Shop franchisee or an entity that is legally affiliated with an existing HEYDAY Shop franchisee, (ii) 75% of our then-current initial franchise fee if the transferee is not an existing HEYDAY Shop franchisee and not legally affiliated with an existing HEYDAY Shop franchisee, or (iii) 100% of our then-current initial franchise fee if a franchise broker that we retained was involved in the transfer process and a broker commission is payable.	Upon transfer	

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Resale Program Fee	4.5% of price for sale of Shop or ownership interest in you.	Upon transfer	In addition to transfer fee, if a transfer involves the Franchise Agreement and the Shop, or more than a 50% change in your ownership, and the transferee is a person who was a “Lead” of ours before you or your owner became aware of or was introduced to the Lead and before you or your owner notified us of your interest in selling the Shop or the ownership interest in you, you or the transferee must pay us this “resale program fee.” This fee compensates us for our lost opportunity of potentially granting a new franchise to the Lead for a new HEYDAY Shop. A “Lead” means (i) a person who contacts, or has been contacted by, us (including our authorized representative or affiliate) in connection with possibly purchasing a new HEYDAY Shop franchise for a new market area or territory and/or (ii) a lead located in our Lead Management System (“LMS”) (but it does not include someone who is an existing HEYDAY franchisee).
Replacement Managing Owner and Operator Training Fee	Currently \$3,000 (but not to exceed \$3,500)	As incurred	We have the right to charge you for providing initial training to your replacement Managing Owner or replacement Operator.
Retraining of Managing Owner, Operator, or Shop Manager	Our then-current retraining fee (not to exceed \$500 per trainer per day, plus our direct expenses, if at our location; not to exceed \$200 per trainer per day, plus our out-of-pocket expenses (for	As incurred	Due if we must re-train these persons because the Shop is not operating according to Brand Standards.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
	example, travel, accommodations, and meals), if at your Shop).		
Ongoing and Supplemental Training and Assistance	Our then-current fee for ongoing and supplemental training or assistance (not to exceed \$500 per trainer per day, plus our direct expenses, if at our location; not to exceed \$200 per trainer per day, plus our out-of-pocket expenses (for example, travel, accommodations, and meals), if at your Shop).	As incurred	We have the right to charge you for ongoing and supplemental training and assistance that you request or that we determine you need to address issues specific to your Shop.
Annual Meeting / Convention	Will vary under circumstances (not to exceed \$2,500 per person; does not include your actual out-of-pocket attendance costs paid to third parties).	As incurred	You (or your designated representative we approve) must at our request attend an annual meeting of all HEYDAY Shop franchisees, “town-hall” events, and monthly or other periodic calls with the Shop’s franchise business consultant, all at locations we designate. We will charge this fee even if you do not attend.
Product and Service Purchases	Varies depending on products and services you buy from us or our affiliates.	As incurred	During the franchise term, you must buy certain products and services from us or our affiliates, from designated or approved distributors and suppliers, or according to our standards and specifications. If we or our affiliates sell products or services to you during the franchise term, we or our affiliates will give you a price list with the applicable prices.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Testing and Evaluation Costs	Projected testing/evaluation costs to be incurred (amount depends on circumstances, including supplier's location, testing required, and item involved).	As incurred	Covers costs of testing new products/services or inspecting new suppliers you propose.
Relocation Fee	Not to exceed \$25,000 plus reasonable costs we incur.	As incurred	Due only if you relocate Shop.
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus travel expenses, room and board, and compensation of our employees.	As incurred	Due if you fail to submit required reports and records or our examination reveals Gross Revenue understatement exceeding 2%. Amount depends on nature and extent of your non-compliance.
Inspection Fee	Actual costs of first follow-up audit (including our personnel's wages and travel, hotel, and living expenses).  \$2,500 (plus our personnel's travel, hotel, and living expenses) for the second and each follow-up evaluation we make and for each inspection you specifically request.	As incurred	Compensates our costs and expenses for each follow-up inspection to confirm your compliance with Franchise Agreement and Brand Standards.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows.	When invoiced	Due on past due amounts.
Administrative Fee	\$100	When invoiced	Due for each late or dishonored payment.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Non-Compliance Fee	\$250 to \$1,000 per deviation from operational requirements/Brand Standards.	When billed	Due if you deviate from contractual requirement, including Brand Standard. This compensates us for administrative and management costs, not for our damages due to your default. The fee is \$250 for the first violation, \$500 for the first repeat violation, and \$1,000 for second and each subsequent repeat violation on one or more consecutive, subsequent visits to the Shop.
Costs and Attorneys' Fees	Varies under circumstances and depends on nature of your non-compliance.	As incurred	Due when you do not comply with the Franchise Agreement or Development Rights Agreement.
Indemnification	Varies under circumstances and depends on nature of third-party claim.	As incurred	<p>You must reimburse us for all claims and losses arising out of (i) Shop's construction, design, or operation, (ii) the business you conduct under the Franchise Agreement, (iii) your non-compliance or alleged non-compliance with any law, (iv) a data security incident, or (v) your breach of the Franchise Agreement.</p> <p>You have the same indemnification obligations under the Development Rights Agreement.</p> <p>You must indemnify Heyday Shop Opening Services for certain claims under the Shop Opening Services Agreement.</p>
Management Fee	Up to 10% of Shop's Gross Revenue, plus any out-of-pocket expenses (including salaries) incurred in connection with Shop's management.	As incurred	Due if we assume Shop's management in certain situations, including your default.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Reimbursement of Costs of Third-Party Service Providers	Out-of-pocket cost reimbursement	As incurred	If we determine for convenience, or because of the service provider's billing requirements, to pay for Shop-level quality-assurance, safety-audit, guest-satisfaction, "mystery-shop," consumer-survey, and similar programs (rather than having you pay the service provider directly), you must reimburse our actual costs for those service providers.
Reimbursement for Customer Complaints	Cost reimbursement	As incurred	We have the right to require you to reimburse our costs if we resolve a customer complaint because you fail to do so.
Remedial Expense	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs of correcting any deficiencies at the Shop or in its operation (short of our taking over management) if you fail to do so.
Tax Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse us for taxes we must pay any state taxing authority on account of either your operation or your payments to us (except for our income taxes).
Insurance Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs if we obtain insurance coverage for Shop because you fail to do so.
De-Identification Fee	Cost reimbursement	As incurred	You must reimburse our costs of de-identifying your Shop if you fail to do so.
Training Cancellation Fees	Varies depending on the training program cancelled and when you cancel attendance; however, the maximum cancellation fees equal the maximum training fees described earlier in this chart.	As incurred	

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Liquidated Damages	Product of either 24 or the number of months that would have remained in franchise term (as of the effective date of termination) had it not been terminated, whichever is shorter, multiplied by average monthly Royalties and Brand Fund contributions that were due and payable to us during the 12 months before the month of termination (or for such lesser period that the Shop has been open, if less than 12 months).	Within timeframe we specify	If we terminate Franchise Agreement for cause, or you terminate Franchise Agreement without cause, before the franchise term's scheduled expiration date.

Notes:

1. Except as noted above and except for certain product and service purchases from unaffiliated suppliers, all fees are imposed and collected by and payable to us or an affiliate. We and our affiliates currently do not impose any fees or payments on, or collect any fees or payments from, you on behalf of unaffiliated third parties. No fee in this chart is refundable. All fees represent our current offering and generally are uniformly imposed. However, in limited circumstances (typically involving commitments for significant multi-unit development), we might grant royalty or other economic concessions to certain franchisees.
2. We reserve the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under the Franchise Agreement based on changes in the Index (defined below) ("Annual Increase"). An Annual Increase may occur only once per calendar year and may not exceed the corresponding cumulative increase in the Index since the Franchise Agreement's effective date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made during the same month during each calendar year. "Index" refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. We also reserve the right—if any fixed fee, payment, or amount due from you under the Franchise Agreement encompasses any



third-party charges we collect from you on a pass-through basis (*i.e.*, for ultimate payment to the third party)—to increase the fixed fee, payment, or amount beyond the Annual Increase to reflect increases in the third party’s charges to us (if the increases by the third party are not designed for our direct monetary benefit).

3. “Gross Revenue” means the aggregate amount of all revenue and other consideration received from any source, including from selling memberships (both pre- and post-opening), services, products, and merchandise (regardless of when services are actually provided); other types of revenue you receive, including the proceeds of business interruption insurance; and (if we allow barter) the value of services, products, and merchandise bartered in exchange for the Shop’s memberships, services, products, or merchandise. All transactions must be entered into the Computer System at the full, standard retail price for purposes of calculating Gross Revenue.

Gross Revenue excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) tips paid to your employees by customers; (iii) the value of promotional or marketing discounts offered to the public (with our prior approval); (iv) any commissions that we or our affiliate chooses to pay you on account of online/e-commerce sales; (v) proceeds from insurance, excluding business interruption insurance; and (vi) proceeds from any civil forfeiture, condemnation, or seizure by government entities. In addition, Gross Revenue is reduced by (1) the dollar value of any membership points redeemed by customers at the Shop and (2) the amount of any credits the Shop provides in accordance with the terms and conditions set forth in the Operations Source.

Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift/loyalty/stored-value/affinity “cards” and similar items we approve for offer and sale at HEYDAY Shops, whether maintained on an App, on another electronic medium, or in another form (together, “Loyalty Program Media”), is included in Gross Revenue when the Loyalty Program Media are used to pay for services and products (although we have the right to collect our fees due on that revenue when the Loyalty Program Media are acquired by the customer). Your Shop may not issue or redeem any coupons or Loyalty Program Media unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We have the right to grant or withhold our approval as we deem best. We have no obligation to reimburse you for any costs you incur in participating in our Loyalty Program Media, including for providing services or products to customers without compensation.

4. Each calendar week currently begins on Wednesday and ends on Tuesday, although we have the right to change the first and last days of each calendar week for Royalty (and other payment) calculation purposes. You must authorize us to debit your business checking or other account automatically for the Royalty, Technology Fee, Brand Fund contribution, Ongoing Marketing Investment fee, MSC Fee, and other amounts due under the Franchise Agreement or otherwise. We will debit your account on or after the payment due date for the Royalty, Technology Fee, Brand Fund contribution, Ongoing

Marketing Investment fee, MSC Fee, and other amounts due. Funds must be available in the account for withdrawal. You must reimburse any “insufficient funds” charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Column 1  Type of expenditure	Column 2  Amount (Low/Budget/High)*			Column 3  Method of payment	Column 4  When due	Column 5  To whom payment is to be made**
	Low	Budget	High			
Initial Franchise Fee <sup>(1)</sup>	\$60,000	\$60,000	\$60,000	Lump sum	When you sign Franchise Agreement	Us
Shop Opening Services Fee <sup>(2)</sup>	\$53,000	\$53,000	\$53,000	Lump sum	As incurred	Heyday Shop Opening Services
Legal / Professional Fees <sup>(3)</sup>	\$5,000	\$8,000	\$12,000	As incurred	As incurred	Professional Advisors
Banking Account Fees (Pre-Construction Segregated Bank Account) <sup>(4)</sup>	\$1,500	\$1,620	\$1,800	As incurred	As arranged	Us
Business Licenses / Permits	\$500	\$750	\$1,500	As incurred	As arranged	Government Agencies
Architect / Engineer / Permits & Licenses	\$46,500	\$51,500	\$56,500	As incurred	As arranged	Third-Party Architects, Engineers, and Government Agencies
Leasehold Improvements and Fixtures, Furniture, and Equipment <sup>(5)</sup>	\$545,000	\$600,388	\$665,000	As incurred	As incurred	Contractors and Third-Party Suppliers
Signage <sup>(6)</sup>	\$12,000	\$15,000	\$22,500	As incurred	As arranged	Third-Party Suppliers
Construction Project Manager Travel <sup>(7)</sup>	\$10,000	\$10,000	\$10,000	As incurred	As incurred	Heyday Shop Opening Services

Column 1 Type of expenditure	Column 2 Amount (Low/Budget/High)*			Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made**
	Low	Budget	High			
Technology Hardware: Laptops, Printer, iPads, Duo Bundle & Phones / Set-Up <sup>(8)</sup>	\$12,500	\$13,350	\$15,000	As incurred	As incurred	Third Party Suppliers
Opening Service Supplies & Equipment <sup>(9)</sup>	\$37,760	\$45,640	\$85,040	As incurred	As incurred	Us and Our Affiliates
Opening Inventory Product (Backbar, Retail & Training) <sup>(10)</sup>	\$46,250	\$49,500	\$52,750	Lump sum	As incurred	Our Affiliate
Market Introduction Program <sup>(11)</sup>	\$60,000	\$65,000	\$75,000	As incurred	As incurred	Us and Marketing / Advertising Sources
Local Marketing <sup>(12)</sup>	\$8,500	\$11,500	\$14,500	As incurred	As arranged	Marketing / Advertising Sources
Pre-Opening Esthetician & Front-of- House Training <sup>(13)</sup>	\$10,000	\$10,000	\$10,000	As incurred	As incurred	Us
Prepaid Rent and Security and Other Deposits <sup>(14)</sup>	\$6,500	\$10,000	\$14,500	As incurred	As incurred	Landlord
Insurance Premium (3 Months) <sup>(15)</sup>	\$1,000	\$2,500	\$3,000	As incurred	As arranged	Insurance Company and/or Insurance Broker
Additional Funds – 3 Months <sup>(16)</sup>	\$50,000	\$65,000	\$78,500	As incurred	As incurred	Employees, Suppliers, Other Third Parties (including travel agencies, hotels, etc.)
<b>TOTAL ESTIMATED INITIAL INVESTMENT (including real estate costs) <sup>(17)</sup></b>	<b>\$966,010</b>	<b>\$1,072,748</b>	<b>\$1,230,590</b>			

\* Your actual initial investment will depend on your Shop's size and location. The "Low" end of the estimated range contemplates a 6-room Shop; the "High" end of the estimated range contemplates an 8-room Shop. The "Budget" amount is intended to represent the typical prototype experience for a franchisee where the landlord provides a market-level tenant-improvement allowance, and the Shop falls within the lower range of the space needed for a 6-room Shop (i.e., 1,600 square feet).

\*\*Except for security and utility deposits paid to landlords and utility companies (based on their business practices), no expenditure in the table is refundable.

Notes:

1. The initial franchise fee is \$60,000 if you acquire franchise rights for just one HEYDAY Shop. No separate initial investment, other than the development fee (which ranges as described in Item 5 from \$120,000 for a 2-Shop development deal to \$500,000 for a 20-Shop development deal), is required when you sign a Development Rights Agreement, although you of course must build the first HEYDAY Shop at a cost estimated to range as described in the chart above. Therefore, the low end of the total investment necessary to begin operation if you acquire development rights is \$1,026,010 (if you commit to develop a minimum of 2 HEYDAY Shops). The high end of the range depends on how many HEYDAY Shops you commit to develop because that determines the amount of the development fee you must pay us when you sign (which is added to the range described in the chart above). The development fee is not refundable.
2. You must hire (and contract directly with) our Shop Development Team (currently our affiliate Heyday Shop Opening Services) to provide certain real estate liaison and Shop design, construction, development, and other related project-site services. You currently must pay Heyday Shop Opening Services a \$53,000 fee under the Shop Opening Services Agreement. You also must pay Heyday Shop Opening Services (when incurred) its actual travel-related expenses for all on-site visits during the Shop's site selection, design, construction, and development phases.
3. We recommend that you engage an attorney, an accountant, and other consultants to help you in your due diligence.
4. These are the estimated fees to open the segregated bank account into which you must deposit funds to cover the Shop's design, construction, and development process that our Shop Development Team oversees. You will make 4 separate installment payments into the bank account for the project's budgeted costs.
5. You must renovate a facility for your Shop to satisfy our functional and aesthetic/trade dress requirements. This estimate covers both materials and labor. Leasehold improvement costs—which could include floor and window coverings, wall treatment, counters, ceilings, painting, electrical, carpentry, plumbing, and similar work, and contractor's fees—depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use and available services; the build-out required to conform the site for your Shop; and any construction or other allowances

the landlord grants. This estimate assumes that your Shop will be approximately 1,600 to 2,200 square feet with a net contribution of leasehold improvements from your landlord ranging from \$10 to \$35 per square foot. In certain major metropolitan markets, costs could be significantly higher than the estimates provided here due to local market rates for materials and labor. These figures include a general contractor's fee (generally equal to 10% to 15% of total construction costs), millwork costs and installation, contractor's insurance, materials and supplies, tools, labor and subcontractor fees, other costs to construct leasehold improvements conforming to our standards, and costs of fixtures and incorporating interior design elements.

Landlords routinely provide tenant-improvement contributions to prospective tenants to assist in the build out of HEYDAY Shops (see estimated range above). That being said, your landlord might not do so. Or, your landlord might make a larger tenant-improvement contribution than the estimated amount. Your landlord might reimburse your out-of-pocket costs rather than advance the funds. Therefore, your actual out-of-pocket costs and the costs of any construction financing might be significantly higher than the net leasehold improvements costs presented in this table.

6. The figures include multiple exterior signage, a construction barricade sign (or blackouts), awning, interior signage, and window graphics/decals. The numbers include sales taxes and shipping costs.
7. These figures include the expenses associated with our Project Managers' flight, lodging, and dining expenses associated with their visit to your Shop.
8. These figures include the cost to purchase required laptops and other computer components, iPad, cameras, printer, router, Wi-Fi, speakers, low-voltage cabling, and installation and wiring. The cost of purchasing equipment and certain other items depends on price differences among, and shipping distances from, suppliers. These numbers include sales taxes and shipping costs.
9. These figures include the cost to purchase required facial chairs, facial equipment and tools, towels, guest furniture, and industrial-grade washers and dryers. The cost of purchasing equipment and certain other items depends on the characteristics of the Shop's site, price differences among suppliers, and shipping distances from suppliers. These numbers include sales taxes and shipping costs.
10. This includes the cost of all required products for retail sale and back-bar items used while providing facial services. The numbers include shipping costs.
11. You must spend at least \$65,000 for the Shop's initial market introduction program described in Item 5.
12. This estimates the costs of initial local marketing besides the costs of the required Market Introduction Program.

13. This covers the cost of printed training materials and essential shop resources as well as our sending operations and skincare trainer(s) to your Shop before it opens to facilitate and oversee the training and certification of your employees.
14. A standard HEYDAY Shop occupies approximately 1,600 to 2,200 square feet of leased space in a grocery-anchored shopping center or lifestyle mall. The preferred trade area is a densely-populated urban or suburban area. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors. Rents vary from market to market and likely will be higher in large metropolitan areas (for example, New York City, New York, Chicago, Illinois, and Los Angeles, California) than in suburban markets and smaller metropolitan areas. The low estimate assumes that you can negotiate a rent abatement for your initial months of operation with little or no security deposit. The high estimate assumes that you lease a site in a high-demand area and receive no rent abatement. Your landlord likely will require you to pay a security deposit equal to one month's rent or more. Lease negotiations with your landlord and the Shop's size and market area will determine when your lease payments begin. The initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Shop.

If you are a new customer of your local utilities, you generally must pay deposits to obtain services, including electric, telephone, gas, and water. The deposit's amount and refundability depend on the local utilities. You might be required to pay a fee to access and/or upgrade access to the municipality or county's water and/or sewer system.

15. Item 8 includes details about our minimum insurance requirements. These estimates are for the first 3 months of premiums and present average costs throughout the country. However, insurance premiums in certain areas (for example, California and New York) could be substantially higher than coverage costs in other states. Insurance costs also depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors affecting risk exposure. You should check with your insurance agent regarding additional insurance you might wish to obtain above our stated minimums.
16. This line-item estimates the funds needed to cover your other pre-opening expenses as well as initial start-up expenses during only the first 3 months of operation (other than the items identified separately in the table). These include pre-opening training expenses, labor, supplies, rent, and utilities. These expenses do not include any draw or salary for you. We relied on our affiliate's HEYDAY Shop development and operating experience since 2014 to compile this Additional Funds estimate.
17. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. An estimated initial investment will be incurred for each Shop established under a Development Rights Agreement.

**Item 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Brand Standards and Designated and Approved Suppliers**

You must operate the Shop according to our Brand Standards. Brand Standards may regulate, among other things, types, models, and brands of furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System) required for the Shop (collectively, “Operating Assets”); required, authorized, and unauthorized services and products for the Shop; and designated and approved manufacturers, suppliers, and/or distributors of products and services. You must buy or lease all Operating Assets, services, and products you use or sell at the Shop only according to Brand Standards and, if we require, only from manufacturers, suppliers, or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources) at the prices those suppliers choose to charge.

We are the designated (*i.e.*, only) supplier of creative and implementation services for the Shop’s required market introduction advertising/promotion program. Our affiliate Heyday Product is the designated (*i.e.*, only) supplier of retail and back-bar products, certain equipment and tools for administering facials, and uniforms. We expect that our affiliate Heyday Gift Card will be the designated (*i.e.*, only) supplier of gift-card program services. We are an approved (but not the only) supplier of the required marketing activities and materials to advertise and promote the Shop during its operation (with the right to receive from you the Ongoing Marketing Investment described in Items 6 and 11).

We have designated our Shop Development Team (Heyday Shop Opening Services) as the exclusive vendor of certain real estate liaison and Shop design, construction, and development services.

Besides the items and services described above, you currently must use an engineer, an architect, and a general contractor we designate for the Shop’s design, construction, and development (which our Shop Development Team will oversee, supervise, and manage for you) and must acquire from designated vendors the Shop’s customer-relations-management platform; operations data analytics; information-technology devices; internal scheduling and communications platform; point-of-sale system; reservations and inventory-management systems; customer texting and record-keeping; accounting and financial analytics; music system and playlist; and Loyalty Program Media and services. You must acquire from approved sources the Shop’s equipment, fixtures, furniture, and signage.

No officer of ours owns any interest in any unaffiliated supplier to the franchise system.

We restrict your sources of items and services in many cases to protect trade secrets and other intellectual property, help assure quality and a reliable supply of products meeting our standards, achieve better purchase and delivery terms, control third-party use of the Marks, and monitor the manufacture, packaging, processing, sale, and delivery of these items. Besides your purchases from designated or approved suppliers, you generally must purchase products and services meeting our minimum standards and specifications.

At least 30 days before using them, you must send us samples or proofs of all Marketing Materials we have not prepared (as an approved source of such items) or already approved and all approved Marketing Materials that you propose to change in any way. If we do not approve those materials within 30 days after receiving them, they will be deemed disapproved for use. You may not use any Marketing Materials we have not approved or have disapproved. “Marketing Materials” are defined as advertising, marketing, promotional, and lead-generation formats and materials.

### Shop Development

Though the Shop will be developed at your expense, the Shop Development Team (Heyday Shop Opening Services) will supervise or oversee the Shop’s design, construction, and development. The Shop Development Team will hire on your behalf outside service providers and vendors to perform the services and provide the goods encompassed within the design, construction, development, and related project-site services necessary to complete the Shop’s construction and development, including design professionals, engineers, architects, and general contractors. The Shop Development Team will give you the opportunity to review and approve all contracts and has the right to require you to sign some or all project-related contracts directly with the service provider or vendor. You must pay all fees due to all service providers and vendors and must establish and fund a segregated bank account for the Shop’s project on the terms we reasonably require (included in the Shop Opening Services Agreement). You will make 4 separate installment payments into the bank account for the project’s budgeted costs.

The Shop’s design, construction, and development will follow our guidelines and mandatory specifications and layouts for a HEYDAY Shop (collectively, “Plans”), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. We or the Shop Development Team will exercise reasonable efforts to ensure that the Plans reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations, including those arising under the Americans with Disabilities Act, and any Lease requirements or restrictions. We or the Shop Development Team will adapt the Plans for the Shop, using the outside service providers and vendors that we or it selects.

The Shop must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. “Operating Assets” means all required furniture, fixtures, signs, and equipment (including components of and required software licenses for the computer system) we periodically require for the Shop. You must purchase or lease from time to time only approved brands, types, and models of Operating Assets according to our standards and specifications and, at our direction, only from one or more suppliers we designate or approve (which may include or be limited to us and/or certain of our affiliates). You must place or display at the Shop (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time.

We periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Shop and/or incur higher operating costs. You must implement any changes in mandatory Brand Standards within the time period we request, whether they involve refurbishing, renovating,



remodeling, or other structural changes to the Shop to then-current requirements and then-current Brand Standards for new HEYDAY Shops, acquiring and implementing new branding elements, buying new or additional Operating Assets, adding new services or products, or otherwise modifying the nature of the Shop’s operations, even if any required additional capital investment in the Shop at that time (in compliance with Brand Standards) cannot be amortized over the remaining portion of the franchise term. Within 30 days after receiving written notice from us, you must prepare plans according to our standards and specifications, using architects and contractors we designate or approve, and then submit those plans to us for written approval.

Test Programs

We also may from time to time require you to participate in certain test programs and consumer surveys for new services, products, and/or Operating Assets. This could obligate you to spend money for new Operating Assets and to incur other operating costs for the Shop. While we need not reimburse those costs, we will not require you to spend unreasonable amounts to participate in test programs and consumer surveys. Alternatively, we have the right to use the Brand Fund to pay for these costs. We might discontinue any test programs before their scheduled completion dates and choose not to implement any changes to the Franchise System. We have not yet started any test programs but will advise you in advance of any required procedures.

Insurance

You must maintain insurance coverage for the Shop at your own expense in the amounts, and covering the risks, we periodically specify. Your insurance carriers must be licensed to do business in the Shop’s state and be rated A-, VII or higher by A.M. Best and Company, Inc. (or satisfy our other criteria). We periodically may increase the required coverage amounts and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and our designated affiliates as additional insureds (and be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 or an endorsement form with comparable wording acceptable to us) and give us 30 days’ prior written notice of material modification, cancellation, or non-renewal and notice of non-payment. You must send us a valid insurance certificate or duplicate insurance policy showing required coverage and payment of premiums.

You currently must have the following minimum insurance coverage:

Policy/Coverage Type	Minimum Limits
Business Owners Policy (BOP) or Commercial Package Policy (CPP)	<ul style="list-style-type: none"> <li>• General Liability: \$1 million per occurrence, \$2 million aggregate</li> <li>• Damage to Premises Rented: \$500,000</li> <li>• Property Damage: All perils coverage to personal property inside &amp; outside (including signage) the Shop</li> </ul>

Policy/Coverage Type	Minimum Limits
	<ul style="list-style-type: none"> <li>• Business Interruption: Amount equal to at least 12 months of lost business income + any necessary continuing expenses</li> <li>• Coverage to include: Money &amp; Securities, Personal Injury, Boiler &amp; Machinery</li> </ul>
Automobile & Vehicle Coverage	<ul style="list-style-type: none"> <li>• Coverage for any vehicles used in operating the Shop or owned by the Shop, \$1 million per occurrence. Coverage to include Hired/Non-Owned Autos Coverage. State requirements for uninsured and underinsured coverage</li> </ul>
Workers Compensation	<ul style="list-style-type: none"> <li>• Minimum requirements imposed by the jurisdiction(s) in which the Shop operates</li> <li>• Employers Liability Coverage: \$1 million / \$1 million / \$1 million</li> </ul>
Umbrella/Excess Liability	<ul style="list-style-type: none"> <li>• Minimum \$2,000,000 excess limit above: BOP/CPP, Automobile &amp; Employers Liability</li> </ul>
Cyber Liability & Data Breach	<ul style="list-style-type: none"> <li>• \$1,000,000 per occurrence with coverage features deemed to be sufficient by us and/or Insurance Broker</li> </ul>
Employment Related Practices Liability (EPLI)	<ul style="list-style-type: none"> <li>• \$100,000 per occurrence</li> </ul>
*Flood / Wind / Hail (Not included in expenditure estimates)	<ul style="list-style-type: none"> <li>• Depending on geography, some Shops may be required by their landlord or lender to carry separate flood and/or wind/hail coverages. Required limits will vary</li> </ul>

### Loyalty Program Media

You must participate in, and comply with the requirements of, our Loyalty Program Media and customer loyalty/affinity and similar programs. Your participation will include accepting membership points and credits as payment from customers and paying us transaction-processing fees or merchant-services fees or otherwise reimbursing our or a third-party's costs for transactions through our Loyalty Program Media and customer loyalty/affinity programs. We have no obligation to reimburse you for any costs you incur in participating in our Loyalty Program Media, including for providing services or products to customers without compensation.

You also must comply with Brand Standards for membership-reciprocity programs, transferring memberships, changing membership programs, and other programs designed to enhance member satisfaction with HEYDAY Shops, including revenue-sharing, cost-sharing, and pricing-adjustment requirements for these programs.

#### Supplier Approval and Designation Process and Compliance with Brand Standards

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Shop that you currently must buy or lease from us (or our affiliates) or designated or approved suppliers. In the future, we have the right to designate other products and services that you must buy only from us, our affiliates, or designated or approved suppliers. To maintain the quality of HEYDAY Shop services and products and our franchise network's reputation, all Operating Assets and other services and products your Shop uses or sells (besides those described above that you currently may obtain only from us, our affiliates, and/or approved and designated suppliers) must meet our minimum standards and specifications, which we issue and modify based on our, our affiliates', and our franchisees' experience in operating HEYDAY Shops. Standards and specifications may impose minimum requirements for production, performance, safety, reputation, prices, quality, design, and appearance. Our Operations Source, other materials, and written and on-line communications will identify our standards and specifications for you. When appropriate and authorized, you may provide those standards and specifications to suppliers if they agree to maintain confidentiality.

If you want to purchase or lease any Operating Assets, products, or services from a supplier or distributor we have not then approved (if we require you to buy or lease the asset, product, or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the quality and functionality of the item or service are equivalent to those of the item or service it replaces and that the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product-liability claims. You must pay upon request any actual expenses we incur to determine whether or not the items, services, suppliers, or distributors meet our requirements and specifications. We will decide within a reasonable time (up to 120 days).

We have the right to condition our written approval of a supplier or distributor on requirements relating to product quality and safety; third-party lab-testing; prices; consistency; warranty; supply-chain reliability and integrity; financial stability; customer relations; frequency, economy, and efficiency of delivery; concentration of purchases; standards of service (including prompt attention to complaints); and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to send samples directly to us or to a third-party testing service. We have the right to be reimbursed for the costs of testing new products or services or inspecting new suppliers you propose. We have the right to re-inspect a supplier's or distributor's facilities and products and revoke our approval of any supplier, distributor, product, or service no longer meeting our criteria by notifying you and/or the supplier or distributor. We do not make our approval criteria for suppliers or distributors available to franchisees.

Despite these procedures, we have the right to limit the number of approved suppliers and distributors, designate sources you must use, and refuse your requests for any reason, including because we already have designated an exclusive source (which might be us or our affiliate) for a particular item or service or believe that doing so is in the HEYDAY Shop network's best interests. If we approve any supplier or distributor you recommend, we have the right to authorize other HEYDAY Shops to buy or lease any Operating Assets or other products or services from that supplier or distributor without compensating you.

### Revenue from Supply Chain

We and/or our affiliates may derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all HEYDAY Shops on account of those suppliers' prospective or actual dealings with your Shop and other HEYDAY Shops. That revenue may or may not be related to services we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates may retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

Collectively, your purchases and leases from us or our affiliates, from designated or approved suppliers and distributors, or according to our standards and specifications represent about 100% of your overall purchases and leases to establish and then to operate the Shop. We did not derive any revenue during 2022 from direct purchases or leases of goods and services by franchisees. Our affiliate received \$1,266,575 from selling various retail and backbar products and equipment to our franchisees for use at and sale from their Shops (including related warehousing and shipping costs). This information is from our affiliate's internal unaudited financial statements. Neither we nor our affiliates received any payments from designated and approved suppliers during 2022 on account of their sales to our franchisees.

### Negotiation of Purchase Arrangements

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for project/construction management services for your Shop (through Heyday Shop Opening Services); customer-relations-management platform; operations data analytics; information-technology devices; internal scheduling and communications platform; point-of-sale system; reservations and inventory-management systems; customer texting and record-keeping; accounting and financial analytics; music system and playlist; Loyalty Program Media and services; and Shop fixtures, furniture, and signage. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor. We do not negotiate purchase arrangements for the benefit of any particular franchisee. We and our affiliates might not obtain the best pricing or most advantageous terms on behalf of HEYDAY Shops. We and our affiliates also are not responsible for the performance of suppliers and distributors to HEYDAY Shops, including if their products or

services fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We do not provide material benefits to a franchisee (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

The Development Rights Agreement requires you (or your Approved Affiliate) to hire (and contract directly with) our designated Shop Development Team (Heyday Shop Opening Services) to provide real estate liaison and Shop design, construction, and development services for your Shops and to pay the Shop Development Team its then-current fee before it commences work for you on the next HEYDAY Shop project. In addition, each site proposed for a HEYDAY Shop under the Development Rights Agreement must satisfy our site-selection criteria and is subject to our written acceptance.

**Item 9**  
**FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	4.A, B, and C of Franchise Agreement 5 and 8 of Development Rights Agreement	5, 7, 8, 11, and 12
b. Pre-opening purchases/leases	4.D and E and 7.D and E of Franchise Agreement 5(d) and (e) of Development Rights Agreement	5, 7, 8, and 11
c. Site development and other pre-opening requirements	4.A, D, and E, 7.F, and 13.A of Franchise Agreement 5 and 8 of Development Rights Agreement	5, 7, 8, and 11
d. Initial and ongoing training	6 of Franchise Agreement Not applicable under Development Rights Agreement	6, 7, and 11
e. Opening	4.E of Franchise Agreement 1(a), 2(a), and 5 of Development Rights Agreement	11 and 12

Obligation	Section in agreement	Disclosure document item
f. Fees	3.G, 3.H, 4.A, B, and D, 5, 6, 7.C, D, E, and F, 10, 13, 15, 16.C, 17, 18.C and D, 19.A, B, and G, 20.C, D, and E, and 21.C of Franchise Agreement 4 of Development Rights Agreement 2.1, 2.2, 5.1, 5.2, 5.3, 5.5, 5.6, 9.1, 12.3, and 12.6 of Shop Opening Services Agreement	5, 6, 7, and 8
g. Compliance with standards and policies/operating manual	6.H and 7 of Franchise Agreement Not applicable under Development Rights Agreement	8 and 11
h. Trademarks and proprietary information	8, 9, 10, and 11 of Franchise Agreement 3 of Development Rights Agreement	13 and 14
i. Restrictions on products/services offered	7 of Franchise Agreement Not applicable under Development Rights Agreement	8, 11, 12, and 16
j. Warranty and customer service requirements	7.C of Franchise Agreement Not applicable under Development Rights Agreement	Not Applicable
k. Territorial development and sales quotas	Not applicable under Franchise Agreement 1(a), 2(a), and 5 of Development Rights Agreement	11 and 12
l. On-going product/service purchases	7.A, C, D, and E of Franchise Agreement 5(d) and (e) of Development Rights Agreement	6 and 8
m. Maintenance, appearance and remodeling requirements	7.A and C, 16.C.(2)(h), and 17 of Franchise Agreement Not applicable under Development Rights Agreement	8, 11, and 17
n. Insurance	20.D of Franchise Agreement 6 of Shop Opening Services Agreement Not applicable under Development Rights Agreement	7 and 8

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
o. Advertising	13 of Franchise Agreement Not applicable under Development Rights Agreement	5, 6, 7, 8, and 11
p. Indemnification	20.E of Franchise Agreement 11 and 12 of Development Rights Agreement 9.1 of Shop Opening Services Agreement	6
q. Owner's participation/ management/staffing	3.G and H, 6, and 7.C(5) of Franchise Agreement Not applicable under Development Rights Agreement	11 and 15
r. Records and reports	14 of Franchise Agreement Not applicable under Development Rights Agreement	6
s. Inspections and audits	15 of Franchise Agreement Not applicable under Development Rights Agreement	6
t. Transfer	16 of Franchise Agreement 9 of Development Rights Agreement 12.13 of Shop Opening Services Agreement	6 and 17
u. Renewal	17 of Franchise Agreement Not applicable under Development Rights Agreement	6 and 17
v. Post-termination obligations	18.C and 19 of Franchise Agreement Not applicable under Development Rights Agreement	6 and 17
w. Non-competition covenants	12, 16.C(1), 16(2)(c) and (l), and 19.E of Franchise Agreement 12 of Development Rights Agreement	15 and 17
x. Dispute resolution	21.C, F, G, H, I, J, and L of Franchise Agreement 12 of Development Rights Agreement 11, 12.5, 12.6, 12.7, 12.8, and 12.9 of Shop Opening Services Agreement	17

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
y. Consumer Data and Data Security	10 of Franchise Agreement Not applicable under Development Rights Agreement	14
z. Social Media Restrictions	7.C(15) and 13.D of Franchise Agreement Not applicable under Development Rights Agreement	8
aa. Compliance with Customer Loyalty Programs	7.C(14) of Franchise Agreement Not applicable under Development Rights Agreement	6 and 8
bb. Compliance with MSC Standards and Procedures and Customer Complaint Resolution Procedures	7.C(6) of Franchise Agreement Not applicable under Development Rights Agreement	6 and 8
cc. Segregated Project Bank Account	4.A of Franchise Agreement 5.6 of Shop Opening Services Agreement Not applicable under Development Rights Agreement	7, 8, and 11
dd. Compliance with All Laws	7.B and F, 10, and 22 of Franchise Agreement Not applicable under Development Rights Agreement	Not Applicable
ee. Owner Guaranty	Owner's Guaranty and Assumption of Obligations and Undertaking of Non-Monetary Obligations (Exhibits B-1 and B-2 to Franchise Agreement) Not applicable under Development Rights Agreement	15

**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.**

Pre-Opening Assistance

Before you begin operating the Shop, we will (directly or through an affiliate or other designated third party):

1. Provide certain real estate liaison and Shop design, construction, development, and other related project-site services for which you must pay a fee. (Franchise Agreement—Section 4; Development Rights Agreement—Section 5; Shop Opening Services Agreement) These services include conforming the Shop's premises to local ordinances and building codes and obtaining required permits. The Shop always will be developed at your expense.

2. While we and our Shop Development Team will not search for or select the Shop's site for you (you are solely responsible for finding and selecting the Shop's site), we will give you our then-current criteria for HEYDAY Shop sites (including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, ingress and egress, size, and other physical and commercial characteristics) to help you in the site-selection process. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for HEYDAY Shops. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a HEYDAY Shop. We and our Shop Development Team will use reasonable efforts to review and accept (or not accept) a site you propose within 21 days after receiving all requested information and materials. We and our Shop Development Team have the right (but no obligation) to visit the Development Area to review potential Shop sites you propose. You have no right to proceed with a site that we and our Shop Development Team have not accepted. (Franchise Agreement—Section 4.B; Development Rights Agreement—Section 5; Shop Opening Services Agreement)

We have the right to terminate the Franchise Agreement and Development Rights Agreement if you reject a Shop site the location and physical and other characteristics of which, and the proposed commercial lease terms for which, were accepted by our Franchise Real Estate Committee (a "Qualified Site"). (Franchise Agreement—Section 4.B; Development Rights Agreement—Sections 5 and 7(b)) There is no refund of any initial franchise fee or development fee upon such termination. We do not own locations for lease to franchisees.

If an acceptable Shop site is not found and secured within 180 days after the Franchise Agreement's effective date (subject to any permitted extension), then we have the right to terminate the Franchise Agreement. (Franchise Agreement—Sections 4.B and 4.C)

3. While we and our Shop Development Team will not negotiate for you any lease, sublease, or other document (the "Lease") that will govern your occupancy and lawful possession of the Shop's site (you are solely responsible for negotiating the Lease), we have the right (but no obligation) to guide you in the leasing process. You must send us the Lease for written acceptance (which we and our Shop Development Team will not unreasonably withhold) before you sign it. You have no right to sign any Lease that we and our Shop Development Team have not accepted in writing. We and our Shop Development Team will use reasonable efforts to review and accept (or not accept) your proposed Lease within 21 days after receiving all requested information and materials. (Franchise Agreement—Section 4.C; Development Rights Agreement—Section 5)

The lease will include a Lease Rider substantially in the form attached to the Franchise Agreement. After your Lease is executed, you must send us prior notice of any revisions to its terms, whether proposed by you or the landlord, and we or the Shop Development Team has the right to accept or reject those proposed revisions before they become effective. The Shop's site must be found and secured within 180 days after the Franchise Agreement's effective date. Otherwise, we have the right to terminate the Franchise Agreement. There is no refund of any initial franchise fee (or development fee) upon such termination. (Franchise Agreement—Sections 4.B and 4.C; Development Rights Agreement—Section 5)

If you cannot sign a Lease within 180 days after the Franchise Agreement's effective date despite your diligent efforts to do so, you may request (at no cost to you) two separate 30-day extensions to sign the Lease. We will not unreasonably deny your request if the reasons for each extension request demonstrate your diligence in the site-selection and leasing process. However, these extensions are not available if we exercise our right to terminate the Franchise Agreement because you reject a Qualified Site. (Franchise Agreement—Section 4.C)

4. The Shop Development Team will hire on your behalf outside service providers and vendors to perform the services and provide the goods encompassed within the design, construction, development, and related project-site services necessary to complete the Shop's construction and development, including design professionals, engineers, architects, and general contractors. The Shop Development Team will give you the opportunity to review and approve all contracts and has the right to require you to sign some or all project-related contracts directly with the service provider or vendor. You must pay all fees due to all service providers and vendors and must establish and fund a segregated bank account for the Shop's project on the terms we reasonably require (included in the Shop Opening Services Agreement). You will make 4 separate installment payments into the bank account for the project's budgeted costs.

The Shop’s design, construction, and development will follow our guidelines and mandatory specifications and layouts for a HEYDAY Shop (collectively, “Plans”), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. The Shop Development Team will exercise reasonable efforts to ensure that the Plans reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations, including those arising under the Americans with Disabilities Act, and any Lease requirements or restrictions. The Shop Development Team will adapt the Plans for the Shop, using the outside service providers and vendors that we or it selects. (Franchise Agreement—Sections 4.A and 4.D; Development Rights Agreement—Sections 5(d) and (e); Shop Opening Services Agreement)

5. Provide initial training to your Managing Owner, Operator, and others. We describe this training later in this Item. (Franchise Agreement – Sections 6.A and B)

6. Identify electronically and/or in writing the Operating Assets, inventory, supplies, and other products and services you must use to develop and operate the Shop, the minimum standards and specifications you must satisfy, and the designated and approved manufacturers, suppliers, and distributors from which you must or may buy or lease items and services (which may include or be limited to us and/or our affiliates). (Franchise Agreement – Sections 4.D, 6.H, 7.D, and 7.E) As part of the project-site services it provides, our Shop Development Team oversees the delivery and installation (at your cost) of the Shop’s fixtures, equipment, and signs by third-party vendors.

7. Send a “Pre-Opening Hands-On” training team to the Shop to facilitate and oversee the training and certification of your employees. (Franchise Agreement – Section 6.C)

8. Give you access to our various operations and technical materials, bulletins, and other materials (collectively, the “Operations Source”). The Operations Source (which is the term we use instead of “operations manual”) consists of and is defined to include audio, video, computer software, and other electronic and digital media. The Operations Source contains Brand Standards and information on your other obligations under the Franchise Agreement. We have the right to modify the Operations Source periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under the Franchise Agreement. If there is a dispute over the Operations Source’s contents, our master version controls. The Operations Source currently contains the equivalent of approximately 399 total pages; its current table of contents is Exhibit D. (Franchise Agreement – Section 6.H)

9. Create and implement a customizable public relations and market introduction program for the Shop. (Franchise Agreement – Section 13.A)

10. Designate a specific number of Shops that you (and your Approved Affiliates) must develop and open at accepted locations within distinct development areas encompassed within your Protected Radius and the development deadlines (if we grant you development rights). (Development Rights Agreement – Sections 1, 2, and 5)

Proposed Shop sites will be accepted only if they meet our then-current standards for Shop sites.

### Opening

The Shop must open for business within 12 months after the Franchise Agreement's effective date (except as otherwise provided in a Development Rights Agreement), subject to any extensions we might grant. If you cannot open the Shop for business by this opening deadline despite your diligent efforts to do so, you may request a 30-day extension to open. We will not unreasonably deny your request if the reasons for your request demonstrate your diligence in the Shop-development and opening process. You may request no more than 3 separate 30-day extensions on the same terms. However, no extension of the opening deadline is available if the Shop's site is a site selected after you rejected a Qualified Site; rejection of a Qualified Site disqualifies you from any such extension.

While we expect the typical opening timetable to be approximately 9 to 15 months after you sign the Franchise Agreement (which is when you must pay the initial franchise fee if the development is not governed by a DRA), your own opening timetable depends on how quickly the Shop's site is found and secured; the Shop's original condition and upgrading and remodeling requirements; construction schedules; obtaining required licenses; the delivery schedule for Operating Assets and supplies; attending and completing training; and complying with local laws and regulations. Immediately after the Franchise Agreement's effective date, you must begin to pursue diligently, and secure at least 30 days before the anticipated lease-signing date, all financing required to construct, develop, and open the Shop.

Despite the 12-month opening deadline, you may not open the Shop for business until: (1) we or our designee approves the Shop in writing; (2) your Managing Owner and Operator complete initial training to our satisfaction; (3) the Shop has sufficient trained employees to manage and operate the Shop on a day-to-day basis in compliance with our Brand Standards; (4) the Shop's employees complete all required third-party certifications for the Shop's lawful operation; (5) you have satisfied all state and federal permitting, licensing, and other legal requirements and sent us copies of any materials we request; and (6) you have paid all amounts owed to, and are not in default under any agreement with, us, our affiliates, and principal suppliers. (Franchise Agreement—Sections 4.D and 4.E)

### Ongoing Assistance

During your Shop's operation, we will (directly or through an affiliate or other designated third party):

1. Advise you or make recommendations regarding the Shop's operation with respect to standards, specifications, operating procedures, and methods that HEYDAY Shops use; purchasing required or recommended Operating Assets and other products, services, supplies, and materials; supervisory-employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Shop employees); and accounting, advertising, and marketing. We will guide you

through our Operations Source, by electronic media, by telephone, and/or at our office or the Shop. (Franchise Agreement – Section 6.H)

2. Give you, at your request and expense (and our option), additional or special guidance, assistance, and training that we believe you need to address issues specific to your Shop. We have no obligation to continue providing any specific ongoing training, conventions, advice, or assistance. (Franchise Agreement – Section 6.H)

3. Continue to give you access to our Operations Source. (Franchise Agreement – Section 6.H)

4. Issue and modify Brand Standards. Changes in Brand Standards may require you to invest additional capital in the Shop and/or incur higher operating costs. You must comply with those obligations within the timeframe we specify. Brand Standards may regulate and establish (to the extent the law allows) price advertising policies and maximum, minimum, or other pricing requirements for services and products the Shop sells, including requirements for promotions, special offers, and discounts in which some or all HEYDAY Shops must participate. (Franchise Agreement – Sections 7.A and 7.C)

5. Let you use our Marks. (Franchise Agreement – Section 8)

6. Let you use our confidential information, some of which constitutes trade secrets under applicable law (the “Confidential Information”). (Franchise Agreement – Sections 7.E and 9)

7. Maintain a Brand Fund for advertising, marketing, research and development, public relations, Social-Media management, lead-generation, and customer-relationship management programs, materials, and activities we deem appropriate to enhance, promote, and protect the HEYDAY Shop brand and franchise system. We describe the Brand Fund and other advertising activities below. (Franchise Agreement – Section 13.B)

8. Assist in ongoing marketing activities and services to promote your Shop in its metropolitan statistical area for which you pay us the monthly Ongoing Marketing Investment fee described in Item 6 and below. (Franchise Agreement – Section 13.C)

9. Periodically inspect and monitor the Shop’s operation. (Franchise Agreement – Section 15.A)

10. Periodically offer refresher training courses. (Franchise Agreement – Section 6.D)

11. Review Marketing Materials you want to use. (Franchise Agreement – Sections 13.C and D)

12. At our option, develop, implement, operate, maintain, and improve a MSC for the benefit of all HEYDAY Shops. (Franchise Agreement – Section 5.D)

### Advertising and Marketing Programs

#### Brand Fund

We have established the Brand Fund to which you and other franchisees must contribute the amounts we periodically specify, not to exceed 3% of your Shop's weekly Gross Revenue. We currently require you and other franchisees to contribute 2% of Gross Revenue.

We will direct all programs the Brand Fund finances, with sole control over and ownership of all creative and business aspects of the Fund's activities. The Brand Fund may pay for, among other things, creating, preparing, producing, and/or placing (in media and through other venues) video, audio, written, and other tangible materials, Social Media and other Digital Marketing, and premium samples and give-aways; creating, developing, maintaining, and administering one or more System Websites and other e-commerce strategies; creating and administering national, regional, multi-regional, local, and multi-local marketing, advertising, and lead-generation programs (which may include spending Brand Fund contributions in specific geographic markets or directing Brand Fund contributions to individual or groups of franchisees to spend on marketing, advertising, and lead-generation programs in their own markets); using advertising, public relations, and marketing agencies and other advisors to provide assistance (including paying retainer and management fees); establishing regional and national promotions (including contests) and partnerships and hiring spokespersons to promote the HEYDAY Shop brand; establishing on-line systems and other vehicles for centralized customer interaction; supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities; creating and implementing customer-satisfaction surveys; organizing and hosting franchisee conferences, conventions, and meetings; and supporting and hosting charitable or nonprofit events and community-based activities.

The Brand Fund may advertise locally, regionally, and/or nationally in printed and on other tangible materials, on radio or television, and/or on the Internet, as we think best. We and/or an outside regional or national advertising agency will produce all advertising and marketing. The Brand Fund periodically may give you sample Marketing Materials at no cost. We may sell you multiple copies of Marketing Materials at our direct production costs, plus any related shipping, handling, and storage charges.

We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and will not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund's administrative costs; travel-related expenses of personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive; and any other costs or

expenses we incur operating or as a consequence of the Fund. We will not use the Brand Fund specifically to develop materials and programs to solicit franchisees. However, media, materials, and programs prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. Of the Brand Fund's total 2022 expenditures (which exceeded contributions), approximately 3% was spent on advertising, 8.4% was spent on creative production, 5.1% was spent on collateral, 5.6% was spent on public relations and marketing services, 1.3% was spent on website-related services, and 76.4% was spent on administrative services. The spend on administrative services was proportionally high because we began ramping up the Brand Fund's operations, activities, and administration during 2022, and the costs of doing so exceeded Brand Fund contributions (the Brand Fund operated at a deficit during 2022).

The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason.

The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, invest any surplus for future use, and roll over unspent monies to the following year. We have the right to use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and share the statement electronically within 60 days after our fiscal-year end or otherwise give you a copy of the statement upon reasonable request. We have the right (but no obligation) to have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate. We have the right to incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of HEYDAY Shops, and enhance, promote, and protect the HEYDAY Shop brand and franchise system. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all HEYDAY Shops, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by HEYDAY Shops operating in that geographic area or that any HEYDAY Shop benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. (In other words, the Brand Fund need not spend any specific amount in your market area.) We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We have the right at any time to defer or reduce the Brand Fund contributions of any HEYDAY Shop franchisee and, upon 30 days' prior written notice to you, to reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i)

spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Brand Fund contributions during the preceding 12 months. (Franchise Agreement – Section 13.B)

### Ongoing Marketing Investment

Beginning in the 4<sup>th</sup> month after your Shop opens for business and then during each successive calendar month through the 18<sup>th</sup> month after your Shop opens for business, you must pay us or our designated third-party agency or vendor, on or before the date each month we specify, a monthly Ongoing Marketing Investment fee we periodically specify for the marketing activities and services we specify or approve to promote the Shop in its metropolitan statistical area. That fee will be no less than \$7,000 per month but no more than \$20,000 per month. The Ongoing Marketing Investment is in addition to your required Brand Fund contributions and your Local Marketing Requirement.

Beginning in the 19<sup>th</sup> month after your Shop opens for business and then during each successive calendar month through the end of the franchise term, your Ongoing Marketing Investment fee will be no less than \$5,000 per month but no more than \$15,000 per month. (Franchise Agreement – Section 13.C)

### Local Marketing Requirements

You must spend at least 3% of your Shop's projected annual Gross Revenue on approved marketing materials and programs for the Shop (in addition to the Ongoing Marketing Investment described above). You must prepare, or collaborate with us to prepare, a written local marketing plan ("Marketing Plan") for the Local Marketing Requirement. (Franchise Agreement – Section 13.D) We have the right to require you to spend a substantial portion, or even most, of the Local Marketing Requirement during a specific, limited timeframe during the year (for example, over a number of weeks or a few months). We have the right to determine which expenses count or do not count toward your Local Marketing Requirement. Generally, Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), and employee incentive programs do not count towards the Local Marketing Requirement. If you do not spend (or prove that you spent) the Local Marketing Requirement, we have the right to, among other rights, require you to contribute the shortfall to the Brand Fund. At our request, you must pay us the Local Marketing Requirement, which we will then spend for you in your market for the materials and activities described above.

You must comply with all requirements regarding the Marketing Plan, including using approved advertising and marketing materials, placing and purchasing advertising and marketing materials and media, participating in and using approved on-line social media networks and tools, and complying with all promotional recommendations and guidelines. Your Marketing Plan must follow our guidelines, which may include, among other things, requirements for or restrictions regarding the use of the Marks and notices of our Website's domain name in the manner we designate. We have the right to specify third parties that you must use to design and develop your local marketing and promotional materials. While you must pay those third parties



for their services, those costs count toward satisfying the Local Marketing Requirement. You do not have the right to develop, maintain, or authorize any Website that mentions or describes you or your HEYDAY Shop or displays any of the Marks.

We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. You do not have the right to use other distribution channels, including catalog sales, telemarketing, or other direct marketing, for any purpose except as we approve and through our websites, domain names, applications, and other communications methods. We will control all social media channels and review sites.

#### Approval of Marketing Materials

All Marketing Materials and all advertising, promotion, lead-generation, marketing, and public relations activities you conduct must not be misleading, must conform to our policies, and must comply with all laws. To protect the goodwill accumulated in the “HEYDAY Shop” name and other Marks, you must send us, at least 30 days before you intend to use them, samples or proofs of all Marketing Materials that (i) we did not prepare or already approve or (ii) we prepared or approved but you want to change in any way. If we do not approve those Marketing Materials in writing within 30 days after we receive them, they are deemed disapproved for use. You may not use any Marketing Materials we have not approved or have disapproved. We have the right upon 30 days’ prior written notice to require you to stop using any previously-approved Marketing Materials. (Franchise Agreement – Section 13.E)

#### Advertising Councils

There currently are no franchisee advertising councils advising us on advertising and marketing policies and programs. However, we have the right to form, change, dissolve, or merge any franchisee advertising council.

#### Advertising Cooperatives

There currently are no advertising cooperatives. However, if we believe that 2 or more HEYDAY Shops in a particular market would in our opinion benefit by pooling their advertising dollars, we have the right to designate a geographic area for an advertising cooperative (a “Cooperative”). The Cooperative’s members in any area are the owners of all HEYDAY Shops located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. We have the exclusive right to create and amend the Cooperative’s governing documents or require you to do so. While we have the right to allow a Cooperative to determine by majority vote (with each HEYDAY Shop—including our company and affiliate-owned Shops—entitled to one vote) the amount of required contributions, those contributions will not exceed any HEYDAY Shop’s Local Marketing Requirement.

We have the right to change, dissolve, and merge Cooperatives. Each Cooperative’s purpose is, with our approval, for each HEYDAY Shop in the Cooperative’s area to pool all or

part of its Local Marketing Requirement in order to administer advertising, marketing, promotional, lead-generation, and other programs and develop Marketing Materials for the Cooperative's area. You automatically will become a member of any existing or new Cooperative formed in your market area and must participate in the Cooperative as its governing documents require. All Cooperative dues will count toward the Local Marketing Requirement but not toward the market introduction program, Brand Fund contributions, or the Ongoing Marketing Investment. (Franchise Agreement – Section 13.F)

### System Website and Electronic Advertising

We or our designees may establish a website or series of websites (with or without restricted access) for the HEYDAY Shop network: (1) to advertise, market, identify, and promote HEYDAY Shops, the services and products they offer, and/or the HEYDAY Shop franchise opportunity; (2) to help us operate the HEYDAY Shop network; and/or (3) for any other purposes we deem appropriate for HEYDAY Shops or other business activities in which we engage (collectively, the "System Website"). You will not receive a separate interior webpage or "micro-site" referencing your Shop. We will own all intellectual property and other rights in the System Website and all information it contains. We will control and may use the Brand Fund's assets to develop, maintain, operate, update, and market the System Website.

All Marketing Materials you develop for the Shop must comply with Brand Standards and contain notices of the System Website's URL as we specify. You may not develop, maintain, or authorize any social media or other digital marketing mentioning or describing the Shop or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Social Media and other Digital Marketing. Except for the System Website and approved Social Media, other Digital Marketing, and Apps, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Social Media or other Digital Marketing. We have the right to maintain websites other than the System Website and to offer and sell services and products under the Marks from the System Website, another website, or otherwise over the Internet without payment or other obligation to you. (Franchise Agreement – Section 13.G)

### Computer System

You must obtain and use the computer hardware and software, point-of-sale system, computer-related accessories and peripheral equipment, tablets, smart phones, web-based scheduling, reservation, and payment systems, and on-line, digital, and App ordering systems we periodically specify (the "Computer System"). You must use the Computer System to access the System Website and to input and access information about your revenue and operations. The Computer System must permit 24-hours-per-day, 7-days-per-week electronic communications between you and us. (Franchise Agreement – Section 7.E) We and our designee have continuous, unlimited, independent access to all operational information on the Computer System, excluding employee or employment-related information. There are no contractual limitations on our right to access the information on your Computer System, except that we will not unreasonably interfere with your Store's operation.

We estimate the cost of purchasing required computer hardware will range from \$13,000 to \$25,000. You will need to purchase an iPad for each treatment room in your Shop, two (2) laptop computers (one for front desk use and another for management use), a business telephone system that is specified in our Confidential Operations Source, computer speakers, and music systems for the Shop. The initial installation of our third-party scheduling and business management software is approximately \$200. Thereafter, you must pay directly to Boulevard (or our any other software provider we designate) a monthly license fee. The required monthly license fee for Boulevard is approximately \$450 per month (which may be adjusted annually). This is currently the only ongoing fee associated with the Computer System. If necessary, we have the right to require you to pay additional maintenance, update, upgrade, or support fees in the future. There is no contractual limitation on the frequency and costs of your obligation to maintain, upgrade, and update the Computer System. Although we currently use the Boulevard system, we have the right to change to an alternative provider or develop a proprietary system at any time upon written notice to you.

The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product. We estimate the cost for ongoing maintenance, repairs, upgrades, and updates for the current computer and point-of-sale systems to be \$250 per year (not including any technology refresh required during the franchise term). The Computer System generates and maintains revenue and other financial information. You must upgrade the Computer System, and/or obtain service and support, as we require or when necessary because of technological developments, including complying with PCI Data Security Standards. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs. You may not use any unapproved computer software or security access codes.

We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement, liability waiver, and/or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent in a click-through license agreement), that we and our affiliates require to regulate your use of the software or technology. We and our affiliates may charge you up-front and ongoing fees for any required or recommended proprietary software or technology we or our affiliates license to you (to the extent not covered by the Technology Fee) and for other Computer System maintenance and support services and programs provided during the franchise term.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) independently determining what is required for you to comply (and then complying) at all times with the most-current version of the Payment Card Industry Data Security Standards, and with all laws (including privacy laws) governing the use, disclosure, and protection of Consumer Data and the Computer System, and validating compliance with those standards and laws as periodically required. "Consumer Data" means the names, addresses, telephone numbers, email addresses, dates of birth, demographic or related information, buying habits, preferences, credit-

card information, and other personally-identifiable information of customers. Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication-line disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. It is your responsibility to protect yourself from these problems, which include taking steps to secure your systems (including continually updating firewalls, password protection, and anti-virus systems) and using backup systems.

## Training

### Initial Training Program

Before we will allow you to open the Shop to the public, your Managing Owner and Operator must complete Initial Training to our satisfaction. Two people may attend without additional charge. The Shop always must have on staff at least 2 fully-trained persons (including the Operator). (Franchise Agreement—Section 6.A) We will conduct the initial training program at our designated training location and/or through video and other electronic means. We expect training will occur after you sign the Franchise Agreement and while the Shop is being developed. As a new franchisor, we plan to be flexible in scheduling training to accommodate our personnel and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. We use manuals, videos, and other training aids during the training program. Your training attendees must complete training at least 60 days before the Shop's scheduled opening date.

We have the right to charge our then-current training fee (currently ranging from \$3,000 to \$4,000) for each person (after 2) you send to initial training. You must pay your employees' wages, benefits, and travel, hotel, and food expenses while they attend training. Our training program may include a "train the trainer" module so that your senior-level personnel can learn how to train your other employees to follow Brand Standards.

If your Managing Owner, Operator, or other training attendee cancels participation in any training class for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than 2 weeks before the class or program is scheduled to begin, we will apply one-half of the training fee as a credit toward the fees due for a future training class or program that your Managing Owner, Operator, or other person attends. However, if participation is cancelled 2 weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees. If your Managing Owner, Operator, or other training attendee cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is one-half of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin. (Franchise Agreement—Section 6.G)

The following chart describes our current initial training program, which we have the right to modify for the particular trainees:

## TRAINING PROGRAM

Column 1  Subject	Column 2  Hours of Classroom Training	Column 3  Hours of On-The- Job Training	Column 4  Location*
History and Mission of Heyday	1	0	Online
Use of LMS Platform	0.5	0	Online
Site Selection	2	4	Online and Franchisee's Market
Pre-Opening Tasks, Timelines, and Lists Review	1	12	Online – Weekly Virtual Training
Development and Construction	2	12	Online – Weekly Phone Meeting
Recruiting	4	0	Online
Training and Orientation Process	2	0	Online
Hours of Operation Review	0.5	0	Online
Daily Procedures	2	4	Corporate Shop
Customer Service Procedures	2	2	Corporate Shop
Boulevard Training	6	6	Corporate Shop
Prospr Training	1	1	Corporate Shop
Esthetician Foundations Training	8	4	Corporate Shop
Scheduling	2	4	Corporate Shop
Labor Management	2	4	Corporate Shop
Communicating with Clients	4	4	Corporate Shop
Service Protocols	3	3	Corporate Shop
Customer Data Input	2	4	Corporate Shop
Selling Retail Products	2	4	Corporate Shop
Gift Card Training	1	2	Corporate Shop
Membership Training	2	4	Corporate Shop
Review Operations Reports	2	2	Corporate Shop
Inventory Management	2	4	Corporate Shop
Shop Cleaning and Maintenance	1	2	Corporate Shop
Marketing, Advertising, and Grand Opening Plan	4	2	Corporate Shop
Accounting: P&L and Invoices	1.5	0	Corporate Shop
Setting Your Goals	2	0	Corporate Shop
<b>TOTAL</b>	<b>62.5 hours</b>	<b>84 hours</b>	

\*The “Corporate” Shop for training is located in New York, New York, or Los Angeles, California, depending on which is closest to you.

We offer the initial training program in 3 phases. The initial online franchise training is made available within one week after you sign the Franchise Agreement. The second phase is conducted at a corporate location in New York, New York, or Los Angeles, California within a reasonable time after you sign a Lease for your Shop and generally no later than 10 weeks before your Shop’s anticipated opening date. The second phase also includes additional online courses to be taken before or concurrently with training in our corporate Shop. The third and final phase is conducted in your Shop during the week before the Shop opens.

Initial training is conducted by or under the executive supervision of Kate Carroll and Shane Bryant, both of whom have (given their operational positions) experience in all aspects of operating a HEYDAY Shop. Ms. Carroll is Vice President of Shop Operations for Heyday Wellness and has over one year of experience with us in all aspects of the HEYDAY system and over 18 years of other relevant experience. Mr. Bryant is Senior Director of Learning and Development for Heyday Wellness and has 2.5 years of experience with us and 15 years of other relevant experience. The rest of our training team and managers, who have worked at HEYDAY Shops for various lengths of time, also lead all hands-on and instructor-led training; all of them have adequate training and appropriate knowledge to facilitate training in the areas they will teach based on their involvement with our system and work at HEYDAY Shops.

#### Pre-Opening Hands-On Training & Support Team

We will send one operations and one skincare trainer to your Shop to facilitate and oversee the training and certification of your employees on our philosophy and Brand Standards. We expect the trainer(s) to be present at the Shop for a total of 8 to 12 days (as we determine) beginning approximately 2 weeks before the Shop opens. You are solely responsible for all costs of training your front-of-house employees and estheticians, including their wages and travel, lodging, and dining expenses. You must pay us a nonrefundable \$10,000 fee for this pre-opening on-site training (which includes our providing printed training materials and essential Shop resources), plus all travel-related expenses for our trainer(s). You must pay us these amounts within 30 days after the Shop opens. If you request, and we agree to provide, additional or special guidance, assistance, or training beyond the number of days we originally schedule, you must pay our personnel’s daily charges (including wages) and travel-related expenses. We have the right to delay the Shop’s opening until all required training has been satisfactorily completed. (Franchise Agreement—Section 6.C)

Each of your Shop’s estheticians must comply with our new and continuing education requirements. Before an esthetician is “floor ready,” that esthetician must complete the necessary digital and practical training. All estheticians must review online training that incorporates our foundations training. This training, which includes curriculum and hands-on, is approximately 50 to 64 hours. A new graduate of esthetician school might have to commit to 70 to 80 hours of in-Shop training. An experienced esthetician might need only 30 to 40 hours of in-Shop training. Each esthetician must pass the technical training assessment and the HEYDAY online sessions before being floor approved. Your goal before the Shop’s grand opening should be to hire and

train at least 2 estheticians for every room in your Shop. You are responsible for all costs and expenses of training your estheticians, including tuition and registration for sending them to esthetician school (non-HEYDAY-specific), salary, travel, lodging, and dining costs.

### Retraining

If your Managing Owner or Operator fails to complete initial training to our satisfaction, or we determine after an inspection that retraining is necessary because the Shop is not operating according to Brand Standards, he or she may attend a retraining session for which we have the right to charge our then-current training fee. You must pay all employee compensation and expenses during retraining. We have the right to terminate the Franchise Agreement if the Managing Owner does not complete initial training (or retraining) to our satisfaction or the Shop does not commence operation by the opening deadline with a fully-trained staff. (Franchise Agreement—Section 6.B) Our fee for supplemental and ongoing training ranges up to \$500 per trainer per day plus expenses.

### Training for Shop Employees

You must properly train all Shop employees to perform the tasks for their respective positions. We may develop and make available training tools and recommendations for you to use in training the Shop's employees to comply with Brand Standards. We may update these training materials to reflect changes in our training methods and procedures and changes in Brand Standards. (Franchise Agreement—Section 6.F)

### Ongoing and Supplemental Training

We have the right to require your Shop's Operator and managers to attend and complete satisfactorily various training courses and programs that we or third parties periodically offer during the franchise term at the times and locations we designate. You must pay their compensation and expenses during training. We have the right to charge our then-current fee for continuing and advanced training. If you request training courses or programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and our training personnel's travel, hotel, and living expenses. (Franchise Agreement—Section 6.D) Our fee for supplemental and ongoing training ranges up to \$500 per trainer per day plus expenses.

Besides attending and/or participating in various training courses and programs, at least one of your representatives (including your Managing Owner or another designated representative we approve) must at our request attend an annual meeting of all HEYDAY Shop franchisees, "town-hall" events, and monthly or other periodic calls with the Shop's franchise business consultant, all at locations we designate. You must pay all costs to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance). (Franchise Agreement—Section 6.D) Our annual meeting/convention fee will not exceed \$2,500 per person.

**Item 12**  
**TERRITORY**

Franchise Agreement

You will operate the Shop at a specific location that we consider to be acceptable. (We do not “approve” sites; we “accept” them under the circumstances described in Item 11.) If the Shop’s address is unknown when the Franchise Agreement is signed, an acceptable site for the Shop must be found and secured within 180 days afterward. We will identify in the Franchise Agreement a non-exclusive Development Area in which the site must be found. We have the right to terminate the Franchise Agreement if the Shop’s site is not found and secured within those 180 days.

You may operate the Shop only at that site and may not relocate the Shop without our prior written consent, which we have the right to grant or deny as we deem best. Whether or not we will allow relocation depends on circumstances at the time and what is in the Shop’s and our system’s best interests. Factors include, for example, the new site’s market area, its proximity to other Shops in our system, whether you are complying with your Franchise Agreement, and how long it will take you to open at the new site.

Conditions for relocation approval are (1) the new site and its lease are acceptable to us, (2) you pay us a reasonable relocation fee not to exceed \$25,000, (3) you reimburse any costs we incur during the relocation process, (4) you confirm that your original Franchise Agreement remains in effect and governs the Shop’s operation at the new site with no change in the franchise term or, at our option, you sign our then-current form of franchise agreement to govern the Shop’s operation at the new site for a new franchise term, (5) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) you continue operating the Shop at its original site until we authorize its closure, and (7) you de-brand and de-identify the Shop’s former premises within the timeframe we specify and at your own expense so it no longer is associated in any manner (in our opinion) with our system and the Marks.

You will receive an Area of Protection around your Shop. We will identify and describe the Area of Protection in the Franchise Agreement before you sign it unless the Shop’s site has not yet been found and secured. In that case, we will define the Area of Protection after the site has been found and secured within the Development Area. We expect the Area of Protection to be an approximate 10-minute drive from your site (if already found when you sign the Franchise Agreement) or from the center of your proposed trade area (if the site has not been found as of when you sign the Franchise Agreement). We will determine the Area of Protection’s precise contours based on demarcation points such as streets, highways, and other markers. We have the right to modify the Area of Protection during the franchise term only if the Shop relocates.

The Area of Protection will always be defined and deemed to exclude any and all Non-Traditional Venues physically located within the Area of Protection. This means there are no restrictions whatsoever on our and our affiliates’ activities in or at Non-Traditional Venues physically located within the Area of Protection, including our and our affiliates’ right to own and operate and to grant others the right to own and operate HEYDAY Shops, and to engage in



other business activities under the Marks, in or at such Non-Traditional Venues. A “Non-Traditional Venue” means a captive-venue location such as an airport, airport terminal, or other type of transportation facility (for example, a train or bus station), department stores, retail superstores, and other retail businesses (for example, pharmacies, drug stores, and other “store-in-store” opportunities), university and college campuses, military facilities, entertainment and sports complexes, hotels and other lodging facilities, casinos, and similar venues.

Because of the rights we reserve at Non-Traditional Venues in your Area of Protection, 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. Nevertheless, during the franchise term, we and our affiliates will not—except with respect to the Non-Traditional Venues physically located within the Area of Protection—own or operate, or allow another franchisee or licensee to own or operate, another HEYDAY Shop having its physical location within the Area of Protection.

Except for the HEYDAY Shop location restriction above (but with the exception for Non-Traditional Venues), we and our affiliates retain all rights with respect to HEYDAY Shops, the Marks, the offer and sale of services and products that are similar to, competitive with, or dissimilar from the services and products your Shop offers and sells, and any other activities we and they deem appropriate, whenever and wherever we and they desire, without regard to the competitive impact on your Shop. We and you agree that our rights will be as broad as possible inside and outside the Area of Protection. Those rights include the following:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, HEYDAY Shops at any physical locations (and in any geographic markets) outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

(2) to offer and sell and to allow others (including franchisees, licensees, and other distributors) to offer and sell, inside and outside the Area of Protection and on any terms and conditions we and they deem appropriate, services and products that are identical or similar to and/or competitive with those offered and sold by HEYDAY Shops, whether such services and products are identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet), and shipping and delivery methods and to any customer, no matter where located;

(3) to establish and operate, and to allow others (including franchisees and licensees) to establish and operate, anywhere (including inside or outside the Area of Protection) any business (whether or not operated at a set physical location) offering identical, similar, and/or competitive services and products under trademarks and service marks other than the Marks;

(4) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at HEYDAY Shops (even if such a business operates, franchises, or licenses “Competitive Businesses”), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(5) to be acquired (through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at HEYDAY Shops, or by another business, even if such business operates, franchises, or licenses Competitive Businesses inside or outside the Area of Protection; and

(6) to engage in all other activities the Franchise Agreement does not expressly prohibit.

We and our affiliates have no contractual or other obligation to compensate you if we engage in any of these activities. However, our affiliate, which sells HEYDAY-branded and other products through the HEYDAY website directly to consumers throughout the country, currently intends to pay franchised HEYDAY Shops a percentage commission for any on-line (i.e., website) product sales it makes to customers of those HEYDAY Shops within 90 days after the customers received facials or other services at those Shops. While our affiliate has the right to stop this practice, and modify the percentage commission, in its sole judgment, it currently intends to pay a commission ranging from 2% to 12% of the amount of the on-line sale (net of sales taxes and delivery, shipping, and related charges).

Unless you acquire development rights (described below), you have no options, rights of first refusal, or similar rights to acquire additional franchises. Although we have the right to do so (as described above), we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Your right to operate the Shop is limited to services you provide and products you sell at the Shop's physical location. You do not have the right to distribute services and products over the Internet or to engage in other supply or distribution channels away from the Shop's physical location (for example, unapproved Apps, catalog sales, mail-order sales, infomercials, or telemarketing). However, you do have the right—on the condition that you follow Brand Standards—to promote and advertise the Shop in its principal market area and to participate in approved promotional events away from the Shop's location.

You may not develop, maintain, or authorize any Social Media or other Digital Marketing mentioning or describing the Shop or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Social Media and other Digital Marketing. Except for the System Website and approved Social Media, other Digital Marketing, and Apps, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Social Media or other Digital Marketing.

#### Development Rights Agreement

You may (if you qualify) develop and operate a number of HEYDAY Shops within distinct trade areas (or “development areas”) encompassed within a specific protected radius (the “Protected Radius”). We and you will identify the Protected Radius in the Development Rights Agreement before signing it. The Protected Radius typically is a city, cities, counties, or specific zip codes and will be narratively described in, and pictorially identified on a map attached to, the

DRA. We base the size of the Protected Radius primarily on the number of HEYDAY Shops you agree to develop, demographics, the number of distinct development areas and competitive businesses within the Protected Radius, and site availability. We will determine the number of Shops you must develop, the deadlines for signing their Franchise Agreements and Shop Opening Services Agreements, the deadlines for finding and securing their sites, and the deadlines for opening them to keep your development rights. We and you then will complete the schedule in the DRA before signing it. Each site proposed for a HEYDAY Shop to be developed under the DRA must be acceptable to us. After each proposed site is accepted and secured, we will determine the Area of Protection for that Shop. Our then-current standards for sites and Areas of Protection will apply. We have the right to terminate the DRA if you do not satisfy your development obligations. You may not develop or operate HEYDAY Shops outside the Protected Radius.

You will not receive an exclusive territory under the DRA. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. While the DRA is in effect, we (and our affiliates) will not—except as permitted below at or within “Non-Traditional Venues” or with respect to our exercise of Qualified Site rights—establish and operate, or grant to others the right to establish and operate, HEYDAY Shops that have their physical locations within the Protected Radius. There are no other restrictions on our and our affiliates’ activities in the Protected Radius during the DRA’s term.

We (and our affiliates) reserve the right without any restrictions whatsoever to pursue and establish, or franchise or license others to pursue and establish, HEYDAY Shops to be located at or within Non-Traditional Venues having their physical locations within the Protected Radius. A “Non-Traditional Venue” is defined to mean a captive-venue location such as an airport, airport terminal, or other type of transportation facility (for example, a train or bus station), department stores, retail super-stores, and other retail businesses (for example, pharmacies, drug stores, and other “store-in-store” opportunities), university and college campuses, military facilities, entertainment and sports complexes, hotels and other lodging facilities, casinos, and similar venues. These rights with respect to Non-Traditional Venues are reserved whether or not you (or your Approved Affiliate) also could have the opportunity (if approved by us) to pursue a HEYDAY Shop to be located at or within that Non-Traditional Venue.

Our, our affiliate’s, or another franchisee’s or licensee’s establishment and operation of a HEYDAY Shop at or within a Non-Traditional Venue physically located in the Protected Radius will not count toward your compliance with your development obligations. HEYDAY Shops that we permit you (or your Approved Affiliates) to establish and operate at or within a Non-Traditional Venue physically located within a development area encompassed within the Protected Radius likewise do not count toward your compliance with your development obligations.

In addition to our and our affiliates’ rights at or within Non-Traditional Venues, if you (or your Approved Affiliate) reject a “Qualified Site” (defined in Item 11 above) for a HEYDAY Shop to be constructed and developed within a development area encompassed within the Protected Radius and do not correct that failure by accepting the Qualified Site within 10 days

after we deliver written notice of default, then we or our affiliate has the right—if we choose not to terminate the DRA due to your rejection of the Qualified Site—to establish and operate, or grant to another franchisee or licensee the right to establish and operate, a HEYDAY Shop at that Qualified Site and to sign a lease for that Qualified Site (together, the “Qualified Site Lease Rights”). (Qualified Site Lease Rights are exercisable more than once during the DRA’s term. In addition, except as noted below, exercise of the Qualified Site Lease Rights will not modify or otherwise affect your obligation to comply strictly with the development schedule.)

If we or our affiliate exercises the Qualified Site Lease Rights (directly or through another franchisee or licensee), we have the unilateral right to amend immediately the definition and scope of the Protected Radius in order to carve out and exclude from the Protected Radius the entire development area within which the HEYDAY Shop site that is the subject of the Qualified Site Lease Rights is located. (This excised development area is called the “Carved-Out Area.”) Our amendment of the Protected Radius definition and scope will be effective upon our delivery of written notice to you. Your Protected Radius definition otherwise will not be altered. After we deliver written notice to you, you no longer will have any HEYDAY Shop development rights in the Carved-Out Area.

Our, our affiliate’s, or another franchisee’s or licensee’s construction, development, and operation of a HEYDAY Shop within the Carved-Out Area, as permitted by the Qualified Site Lease Rights, will not count toward your compliance with the development schedule. Each time the Qualified Site Lease Rights are exercised, resulting in a new or additional Carved-Out Area, the number of HEYDAY Shops that you will have the right to construct, develop, and operate within the Protected Radius under the DRA will be reduced by one HEYDAY Shop. You will have the right to construct, develop, and operate the remaining reduced number of HEYDAY Shops only in the development areas that are still part of the Protected Radius. You are not entitled to any refund of any portion of the Development Fee in these circumstances.

Except as provided above, continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency, and you have no other options, rights of first refusal, or similar rights to acquire additional franchises. Except as described above with Qualified Site Lease Rights, we do not have the right to alter your Protected Radius during the DRA’s term.

Despite the development schedule under the DRA, we have the right to delay the construction, development, and/or opening of additional HEYDAY Shops within each development area encompassed within the Protected Radius if at any time we believe that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to construct, develop, open, and/or operate the additional Shop in full compliance with our standards and specifications. We have the right to delay additional development and/or a Shop’s opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Although we have the right to do so, we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or

another distribution channel selling or leasing similar products or services under a different trademark.

**Item 13**  
**TRADEMARKS**

You may use certain Marks in operating your HEYDAY Shop. Heyday IP owns the trademark registrations and application (which is based on intent to use the Mark) for the following principal Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”). Heyday Wellness assigned the Marks, all registrations and applications, all common-law rights in this intellectual property, and all related goodwill to Heyday IP.

MARK	REGISTRATION (R) OR APPLICATION (A) NUMBER	REGISTRATION (R) OR APPLICATION (A) DATE
HEYDAY	4805229 (R)	September 1, 2015 (R)
FACE LIFE FRESH	4865627 (R)	December 8, 2015 (R)
HEYDAY	90239384 (A)	October 7, 2020 (A)

Heyday IP does not yet have a federal registration for the last Mark appearing in the table above. Therefore, that Mark does not have many legal benefits and rights as a federally-registered trademark. If our right to use that Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses. However, as noted above, Heyday IP already owns another federal registration for the “HEYDAY” Mark.

Heyday IP has filed, or intends to file when due, all required affidavits for its registered Marks and intends to renew all trademark registrations for the Marks that remain important to the HEYDAY Shop brand.

Heyday IP licenses us to use these Marks and related intellectual property, and to authorize franchisees to use them in operating HEYDAY Shops, under a Trademark and System License Agreement effective January 1, 2021, as amended April 6, 2022 (the “License Agreement”). The License Agreement is of perpetual duration unless terminated by mutual agreement. No other agreement limits our right to use or sublicense any Mark (whether we own them or Heyday IP licenses them to us for use in operating HEYDAY Shops).

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

You must follow our rules and other Brand Standards when using the Marks, including giving proper notices of trademark and service-mark registration and obtaining required fictitious or assumed-name registrations. You may not use any Mark as part of your corporate or legal

business name; with modifying words, terms, designs, or symbols (other than logos we license to you); in selling any unauthorized products or services; or in connection with any digital marketing or in any username, screen name, or profile associated with any Social Media sites without our consent or, if applicable, without complying with our Brand Standards.

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or replace supplies for the Shop), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and Heyday IP, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and Heyday IP may take the action we or it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that we and our, and Heyday IP's, attorneys deem necessary or advisable to protect and maintain our and its interests in any litigation or USPTO or other proceeding or enforcement action or otherwise to protect and maintain our and Heyday IP's interests in the Marks.

We will reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark, provided your use has been consistent with the Franchise Agreement, the Operations Source, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from or relating to your use of any Mark.

The Development Rights Agreement does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

#### **Item 14** **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents or patent applications are material to the franchise. We and our affiliates claim copyrights in the Operations Source (containing our trade secrets and Confidential Information), HEYDAY Shop blueprints and other design features, signage, Marketing Materials, software, our System Website, and similar items used in operating HEYDAY Shops. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Shop (and must stop using them at our direction). You have no other rights under the Franchise Agreement with respect to a copyrighted item if we require you to modify or

discontinue using the subject matter covered by the copyright. Our right to use many of the copyrighted materials described above and much of the Confidential Information described below arises from the same License Agreement described in Item 13.

There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. Except for our agreement with Heyday IP, no agreement limits our right to use or allow others to use copyrighted materials.

We do not actually know of any infringing uses of our or Heyday IP's copyrights that could materially affect your using them in any state. We and Heyday IP need not protect or defend copyrights, although we intend to do so if in the system's best interests. We and Heyday IP have the right to control any action we choose to bring, even if you voluntarily bring the matter to our attention. You must follow any instructions we give you. We and Heyday IP need not participate in your defense of and/or indemnify you for damages or expenses incurred in a copyright proceeding.

Our Operations Source and other materials contain our and our affiliates' Confidential Information (some of which are trade secrets under applicable law). Confidential Information includes layouts, designs, and other Plans for HEYDAY Shops; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating HEYDAY Shops; the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms, Apps, and Loyalty Program Media; marketing research and promotional, marketing, and advertising programs for HEYDAY Shops; strategic plans, including expansion strategies and targeted demographics; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that HEYDAY Shops use and sell; knowledge of operating results and financial performance of HEYDAY Shops other than your Shop; customer solicitation, communication, and retention programs, along with data and information used or generated in connection with those programs; and information generated by, or used or developed in, operating your Shop, including Consumer Data, and any other information contained in the Computer System or that visitors (including you) provide to the System Website.

You must comply with all laws governing the use, protection, and disclosure of Consumer Data. If there is a data security incident at the Shop, you must notify us immediately, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the data security incident in order to protect Consumer Data and the HEYDAY Shop brand (including giving us or our designee access to your Computer System, whether remotely or at the Shop).

You may not use Confidential Information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure agreements with those having access to Confidential Information. We have the right to pre-approve your non-disclosure agreements solely to ensure that you adequately protect Confidential Information and the competitiveness of HEYDAY Shops. Under no circumstances will we control the forms

or terms of employment agreements you use with Shop employees or otherwise be responsible for your labor relations or employment practices.

You must promptly disclose to us all ideas, concepts, techniques, or materials relating to a HEYDAY Shop (“Innovations”), whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors. Innovations belong to and are works made-for-hire for us. If any Innovation does not qualify as a “work made-for-hire” for us, you assign ownership of and all related rights to that Innovation to us and must sign (and cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Shop without our prior written approval.

We are the sole owners of the Shop’s membership/customer lists (“Customer Lists”). You may not distribute the Customer Lists to any third party, in any form or manner, without our prior written consent. Despite our ownership of the Customer Lists, you may use the Customer Lists in connection with the Shop’s operation and as otherwise permissible under the Franchise Agreement. We and our affiliates reserve the right during the franchise term to communicate with and provide notifications to members and other customers appearing on the Customer Lists and to use the Customer Lists for any business purpose we and they deem necessary or appropriate (to the extent allowed by applicable law). Upon expiration (without a successor franchise) or termination of the Franchise Agreement, you and your affiliates may not use the Customer Lists in any form or manner.

The Development Rights Agreement does not grant you rights to use any intellectual property. These rights arise only under Franchise Agreements you sign with us.

**Item 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION  
OF THE FRANCHISE BUSINESS**

Brand Standards may require adequate staffing levels to operate the Shop in compliance with Brand Standards and may address appearance of Shop personnel and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices.

You must designate one of your individual owners holding at least 20% of your ownership interests to serve as your “Managing Owner.” We must pre-approve the proposed Managing Owner or any replacement Managing Owner. The Managing Owner is responsible for the Shop’s overall management. The Managing Owner will communicate with us directly regarding Shop-related matters and must have sufficient authority to make business decisions for you and the Shop. The Managing Owner’s decisions will be final and will bind you. The Managing Owner must attend Initial Training and complete it to our satisfaction. Any replacement Managing Owner must be appointed within 30 days after the former Managing Owner’s last day. The replacement Managing Owner must attend Initial Training within 30 days after we approve him or her.



You must designate an individual, who need not have an ownership interest in you, to be the Shop's operator (the "Operator"), although the Managing Owner also may serve as the Operator. The Operator is responsible for the Shop's overall supervision, management, and operation on a day-to-day basis and must devote her or his full-time efforts to the Shop. The Operator must successfully complete Initial Training before you open the Shop to the public. If the Operator fails to complete Initial Training to our satisfaction, you must appoint another individual to serve as the Operator, and that individual must complete Initial Training to our satisfaction.

If you want or need to change the Operator, you must appoint the replacement Operator within 30 days after the former Operator no longer occupies that position. The replacement Operator must attend and satisfactorily complete our Initial Training within the timeframe we specify.

The Shop always must have on staff at least 2 fully-trained members (including the Operator). "Fully-trained" means that they attended and successfully completed Initial Training. A Shop manager (who is not the Managing Owner or Operator) need not have an equity interest in you or the Shop. All Shop managers and your officers and directors must sign confidentiality and other agreements (including non-compete agreements) we specify or pre-approve (if applicable law allows). We do not limit whom your Store may hire.

Each of your owners holding at least a 10% ownership interest in you or in an entity directly or indirectly holding at least a 10% ownership interest in you must personally guarantee all of your obligations under the Franchise Agreement and agree personally to comply with every contractual provision—whether containing monetary or non-monetary obligations—including the covenant not to compete. Our Guaranty and Assumption of Obligations is attached as Exhibit B-1 in the Franchise Agreement. We have the right to require that owners holding an aggregate of at least 50% of your issued and outstanding ownership interests execute the Guaranty.

Each owner not holding at least a 10% ownership interest in you or in an entity directly or indirectly holding at least a 10% ownership interest in you must sign an Owner's Undertaking of Non-Monetary Obligations (Exhibit B-2 in the Franchise Agreement) undertaking to be bound personally by specific non-monetary provisions in this Agreement, including the covenant not to compete.

A spouse of any of your owners need not sign the Guaranty and Assumption of Obligations unless he or she also is an owner.

## **Item 16** **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The Shop must offer for sale all services and products that we periodically specify. The Shop may not offer, sell, or otherwise distribute at the Shop's premises or another location any services or products that we have not authorized. There are no limits on our right to modify the services and products that your Shop must or may offer and sell. We have the right to change such services and products and services from time to time and from market to market based on numerous considerations. Brand Standards may regulate (to the extent that federal and state

antitrust laws allow) price advertising policies and maximum, minimum, or other pricing requirements for services and products the Shop sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all HEYDAY Shops must participate.

Your right to operate the Shop is limited to services you provide and products you sell at the Shop’s physical location. You do not have the right to distribute services and products over the Internet or to engage in other supply or distribution channels away from the Shop’s physical location (for example, unapproved Apps, catalog sales, mail-order sales, infomercials, or telemarketing). However, you do have the right—on the condition that you follow Brand Standards—to promote and advertise the Shop in its principal market area and to participate in approved promotional events away from the Shop’s location. There are no other limits on the customers to whom your Shop may sell services and products at its premises.

You may communicate with the Store’s customers only through branded mobile apps, branded email domains, online brand-reputation-management sites, or other channels we expressly designate. Brand Standards may include standards, procedures, and requirements for reciprocity programs, transferring memberships, changing membership programs, and other programs designed to enhance member satisfaction with HEYDAY Shops, including revenue-sharing, cost-sharing, and pricing-adjustment requirements for these programs.

We have the right to require your Shop to be open 7 days a week and at least 80 hours per week.

**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.**

Franchise Agreement

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	3.B of Franchise Agreement	10 years from date on which term of Shop’s lease begins.
b. Renewal or extension of the term	17 of Franchise Agreement	If you are in good standing, you potentially may acquire 4 successor franchises—each for 5 years—on our then-current terms.
c. Requirements for franchisee to renew or extend	17 of Franchise Agreement	You (i) timely request and conduct a business review, (ii) formally notify us of your desire to acquire a successor franchise at least 3 months before the franchise term ends, (iii) substantially complied with contractual obligations and operated Shop in substantial compliance with

Provision	Section in franchise or other agreement	Summary
		Brand Standards, (iv) continue complying substantially with contractual obligations between time you notify us of your desire to acquire a successor franchise and the end of the franchise term, (v) retain right to occupy Shop at its original site, (vi) remodel/upgrade Shop, (vii) sign our then-current form of franchise agreement and release (if applicable state law allows), and (viii) pay \$5,000 successor-franchise fee. Terms of new franchise agreement that you sign for successor franchise may differ materially from any and all terms contained in your original expiring Franchise Agreement (including higher fees).
d. Termination by franchisee	18.A of Franchise Agreement and 10.1 and 10.2 of Shop Opening Services Agreement	<p>Subject to state law, if we breach Franchise Agreement and do not cure default within applicable cure period after notice from you; you may not terminate without cause.</p> <p>You may terminate Shop Opening Services Agreement if Heyday Shop Opening Services fails to cure a default within 30 days or becomes insolvent.</p>
e. Termination by franchisor without cause	18.B of Franchise Agreement and 10.3 and 10.4 of Shop Opening Services Agreement	<p>We do not have the right to terminate your Franchise Agreement without cause.</p> <p>Heyday Shop Opening Services may not terminate Shop Opening Services Agreement without cause.</p>
f. Termination by franchisor with cause	18.B of Franchise Agreement and 10.3 and 10.4 of Shop Opening Services Agreement	<p>We have the right to terminate your Franchise Agreement only if you or your owners commit one of several violations.</p> <p>While termination of the Development Rights Agreement does not impact any then-effective franchise agreements, termination of a franchise agreement entitles us to terminate the Development Rights Agreement.</p> <p>Heyday Shop Opening Services may terminate Shop Opening Services Agreement only if you commit one of several violations.</p>

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
g. "Cause" defined — curable defaults	18.B of Franchise Agreement and 10.3 and 10.4 of Shop Opening Services Agreement	<p>You have 5 days to cure Gross Revenue reporting, payment (to us), and insurance defaults; 10 days to satisfy unpaid judgments of at least \$25,000; 30 days to pay suppliers and to cure other defaults not listed in (h) below; and 60 days to vacate attachment, seizure, or levy of Shop or appointment of receiver, trustee, or liquidator; and time allowed by law to cure violations of material law. You must immediately begin correcting violations of material law and correct them within time the law specifies.</p> <p>While termination of the Development Rights Agreement does not impact any then-effective franchise agreements, termination of a franchise agreement entitles us to terminate the Development Rights Agreement.</p> <p>Heyday Shop Opening Services may terminate Shop Opening Services Agreement only if you fail to cure a default within 10 days or become insolvent.</p>
h. "Cause" defined — non-curable defaults	18.B of Franchise Agreement	<p>Non-curable defaults include: material misrepresentation or omission; failure to secure, at least 30 days before anticipated lease-signing date, all financing required to construct, develop, and open your Shop; you reject a Qualified Site; your Managing Owner fails to attend or to complete to our satisfaction initial training, failure to develop and open Shop (with fully-trained staff) by deadline; abandonment of Shop or failure to operate Shop for at least 3 consecutive days; unapproved transfer; felony conviction or guilty plea; dishonest, unethical, or immoral conduct adversely impacting our Marks; foreclosure on Shop's assets; misuse of confidential information; violation of non-compete; material underreporting of Gross Revenue; disabling Shop's computer system; closing bank account from which we debit funds without first setting up new account; failure to pay taxes due; repeated defaults; assignment for benefit of creditors or admission of inability to pay debts when due; violation of anti-terrorism laws; losing right to Shop premises; causing or contributing to a data security incident or failure to comply with requirements to protect Consumer</p>

Provision	Section in franchise or other agreement	Summary
		<p>Data; we send notice of termination under another franchise agreement with you or your affiliate; you or your affiliate terminates another franchise agreement with us without cause; or you or your affiliate ceases operating a HEYDAY Shop without our approval.</p> <p>Termination of the Development Rights Agreement does not impact any then-effective franchise agreement.</p>
i. Franchisee’s obligations on termination/nonrenewal	19 of Franchise Agreement	<p>Obligations include paying outstanding amounts (plus, if applicable, liquidated damages); complete de-identification; returning confidential information; destroying or selling to another HEYDAY Shop franchisee all branded materials and proprietary items; assigning telephone and telecopy numbers and directory listings; and ceasing use of Social Media and other Digital Marketing associating you with us or the Marks (also see (o) and (r) below); we have the right to control de-identification process if you do not voluntarily take required action; we have the right to assume Shop’s management while deciding whether to buy Shop’s assets.</p>
j. Assignment of contract by franchisor	16.A of Franchise Agreement and 12.13 of Shop Opening Services Agreement	<p>No restriction on our right to assign; we have the right to assign without your approval.</p> <p>No restriction on Heyday Shop Opening Services’ right to assign; it may assign without your approval.</p>
k. “Transfer” by franchisee — defined	16.B of Franchise Agreement	<p>Includes transfer of (i) Franchise Agreement; (ii) Shop’s physical structure; (iii) Shop’s profits, losses, or capital appreciation; (iv) all or substantially all Operating Assets; or (v) ownership interest in you or controlling ownership interest in entity with ownership interest in you. Also includes pledge of Franchise Agreement or ownership interest.</p>
l. Franchisor approval of transfer by franchisee	<p>16.B of Franchise Agreement</p> <p>12.13 of Shop Opening Services Agreement</p>	<p>We must approve all transfers; no transfer without our prior written consent.</p> <p>Your rights under Shop Opening Services Agreement are not assignable.</p>

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
m. Conditions for franchisor approval of transfer	16.C of Franchise Agreement	<p>We will approve transfer of non-controlling ownership interest in you if transferee (and each owner) qualifies and meets our then-applicable standards for non-controlling owners, is not (and has no affiliate) in a competitive business, signs our then-current form of Guaranty (or, if applicable, Owner’s Undertaking of Non-Monetary Obligations), and pays transfer fee.</p> <p>When there is transfer of franchise rights or controlling ownership interest, we will not unreasonably withhold our approval if: transferee (and each owner) qualifies (including, if transferee is an existing franchisee, transferee is in substantial operational compliance under all other franchise agreements for HEYDAY Shops) and is not restricted by another agreement from moving forward with the transfer; you have paid us and our affiliates all amounts due, have submitted all reports, and are not then in breach; neither transferee nor its owners or affiliates are in a competitive business; training completed; transfer fee (and resale program fee, if applicable) paid; transferee has right to occupy Shop’s site for expected franchise term; transferee (at our option) assumes your Franchise Agreement or signs our then-current form of franchise agreement and other documents for unexpired portion of your original franchise term (then-current form may have materially different terms, except that your original Royalty, Technology Fee, and Brand Fund contribution levels and the definition of Area of Protection will remain the same for unexpired portion of your original franchise term); transferee agrees to repair and upgrade; you (and transferring owners) sign general release (if applicable state law allows); we determine that sales terms and financing will not adversely affect Shop’s operation post-transfer; you subordinate amounts due to you; and you stop using Marks and our other intellectual property (also see (r) below).</p>
n. Franchisor’s right of first refusal to acquire franchisee’s business	16.G of Franchise Agreement	We have the right to match any offer for your Shop (including its physical structure) or ownership interest in you or entity that controls you.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
o. Franchisor's option to purchase franchisee's business	19.F of Franchise Agreement	We have the right to buy Shop's assets (including its physical structure) at fair market value and take over site after Franchise Agreement is terminated or expires (without renewal).
p. Death or disability of franchisee	16.E of Franchise Agreement	Must transfer to approved party (which may include immediate family member) within 6 months; we have the right to operate Shop in interim if it is not then managed properly.
q. Non-competition covenants during the term of the franchise	12 of Franchise Agreement	No owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; no diverting business to competitive business; and no solicitation of other franchisees for other commercial purposes. "Competitive Business" means any (a) business that sells or provides skincare services and retail skincare products, (b) business that provides massages or spa services, or (c) business granting franchises or licenses to others to operate the type of business described in clauses (a) and (b).
r. Non-competition covenants after the franchise is terminated or expires	19.E of Franchise Agreement	For 2 years after franchise term, no owning interest in or performing services for Competitive Business located or operating at Shop's site, within 10 miles of Shop's site, or within 10 miles of physical location of another HEYDAY Shop (same restrictions apply after transfer).
s. Modification of the agreement	21.K of Franchise Agreement	No modifications generally, but we have the right to change Operations Source and Brand Standards.
t. Integration/merger clause	21.M of Franchise Agreement  12.16 of Shop Opening Services Agreement	Only terms of Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.  Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document and its exhibits.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	21.F of Franchise Agreement  11 of Shop Opening Services Agreement	<p>We and you must arbitrate all disputes within 10 miles of where we (or then-current franchisor) have our principal business address when the arbitration demand is filed (it currently is in Wilmington, Delaware).</p> <p>You and Heyday Shop Opening Services must arbitrate all disputes in county where Heyday Shop Opening Services has its principal business address when the arbitration demand is filed (it currently is in Fulton County, Georgia).</p> <p>The provisions above are subject to applicable state law (except to the extent preempted by federal law).</p>
v. Choice of forum	21.H of Franchise Agreement  11.6 and 12.5 of Shop Opening Services Agreement	<p>Subject to arbitration requirements, litigation must be (with limited exceptions) in courts closest to where we (or then-current franchisor) have our principal business address when the action is commenced (it currently is in Wilmington, Delaware) (subject to applicable state law).</p> <p>Subject to arbitration requirements, litigation with Heyday Shop Opening Services must be in county where Heyday Shop Opening Services has its principal business address when the action is commenced (it currently is in Wilmington, Delaware) (subject to applicable state law).</p>
w. Choice of law	21.G of Franchise Agreement  12.8 of Shop Opening Services Agreement	<p>Federal law and Delaware law govern (subject to applicable state law).</p> <p>Delaware law governs Shop Opening Services Agreement (subject to applicable state law).</p>



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

Development Rights Agreement

<b>Provision</b>	<b>Section in Development Rights Agreement</b>	<b>Summary</b>
a. Length of the franchise term	6	Term expires on date when final HEYDAY Shop under Schedule opens for business or is scheduled to open for business (whichever is earlier).
b. Renewal or extension of the term	Not applicable	You have no right to renew or extend development rights.
c. Requirements for franchisee to renew or extend	Not applicable	You have no right to renew or extend development rights.
d. Termination by franchisee	Not applicable	You have no contractual right to terminate Development Rights Agreement (except as state law allows).
e. Termination by franchisor without cause	Not applicable	We have no right to terminate Development Rights Agreement without cause.
f. Termination by franchisor with cause	7	We have right to terminate Development Rights Agreement if you commit one of several violations.
g. “Cause” defined — curable defaults	7 and 8	You have 10 days to cure failure to move forward with Qualified Site to be constructed and developed in your Protected Radius
h. “Cause” defined — non-curable defaults	7	Non-curable defaults are failure to satisfy development Schedule, breach of any other obligation, our termination of any franchise agreement with you or your Approved Affiliate in compliance with its terms, your (or an Approved Affiliate’s) termination of any franchise agreement with us for any (or no) reason, we deliver formal written notice of default to you (or your Approved Affiliate) under a franchise agreement and you (or your Approved Affiliate) fail to cure the default within the required timeframe, or you (or your Approved Affiliate) cease operating any HEYDAY Shop without our prior written approval.
i. Franchisee’s obligations on termination/nonrenewal	1 and 7	Upon termination or expiration of Development Rights Agreement, you will lose all rights to develop HEYDAY Shops in your Protected Radius.
j. Assignment of contract by franchisor	9	No restriction on our right to sell or transfer Development Rights Agreement or our ownership interests without your approval.

<b>Provision</b>	<b>Section in Development Rights Agreement</b>	<b>Summary</b>
k. “Transfer” by franchisee — defined	9	Includes transfer of Development Rights Agreement or any ownership interest in you or your owner (if that owner is an entity).
l. Franchisor approval of transfer by franchisee	9	No transfers without our prior written consent; development rights are not assignable.
m. Conditions for franchisor approval of transfer	9	Development rights are not assignable; we have the right to grant or withhold consent for any or no reason.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not applicable	The Development Rights Agreement does not contain this provision.
o. Franchisor’s option to purchase franchisee’s business	Not applicable	The Development Rights Agreement does not contain this provision.
p. Death or disability of franchisee	Not applicable	The Development Rights Agreement does not contain this provision.
q. Non-competition covenants during the term of the franchise	12	No owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; no diverting business to competitive business; and no solicitation of other franchisees for other commercial purposes. “Competitive Business” means any (a) business that sells or provides skincare services and retail skincare products, (b) business that provides massages or spa services, or (c) business granting franchises or licenses to others to operate the type of business described in clauses (a) and (b).
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	The Development Rights Agreement does not contain this provision. You and your owners will be bound by the restrictions under the Franchise Agreement.
s. Modification of the agreement	12	No modifications without signed writing.
t. Integration/merger clause	12	<p>Only terms of Development Rights Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Development Rights Agreement may not be enforceable.</p> <p>Nothing in the Development Rights Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document and its exhibits.</p>

<b>Provision</b>	<b>Section in Development Rights Agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	12	We and you must arbitrate all disputes within 10 miles of where we (or then-current franchisor) have our principal business address when the arbitration demand is filed (it currently is in Wilmington, Delaware).  The provisions above are subject to state law (except to the extent preempted by federal law).
v. Choice of forum	12	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we, as franchisor (or then-current franchisor), have our principal business address when the action is commenced (it currently is in Wilmington, Delaware) (subject to applicable state law).
w. Choice of law	12	Federal law and Delaware law apply under Development Rights Agreement (subject to applicable state law).

**Item 18**  
**PUBLIC FIGURES**

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

**Item 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to 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.

Our management prepared this financial performance representation based on information provided by our affiliates and the one franchisee whose HEYDAY Shop was open during all of 2022. Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

Profit and Loss Statements for 10 Affiliate-Owned HEYDAY Shops and One Franchised HEYDAY Shop that Operated for the Entire 12-Month Period Ending December 31, 2022— Separated into Four 7-to-8-Chair Affiliate-Owned Shops, All 10 Affiliate-Owned Shops, and One Franchised Shop

The Profit & Loss Statement tables below in this section reflect the unaudited actual, historical average, median, and high/low Net Revenue, Expenses, Shop Size, and EBITDA (defined below) for all 10 affiliate-owned HEYDAY Shops and one franchised HEYDAY Shop during the 2022 calendar year. Each of these 11 HEYDAY Shops opened before January 1, 2022, and was open during all of 2022. Six Shops are located in New York, 3 Shops are located in California, one Shop is located in Pennsylvania, and one Shop (the franchised Shop) is located in Maryland.

The first Profit & Loss Statement table below is for 4 affiliate-owned Shops (2 in New York and 2 in California) that have 7 or 8 chairs for providing facial services (the focus of the offering in this disclosure document); the second Profit & Loss Statement table below is for the one franchised Shop in Maryland with 8 chairs for providing facial services; the third Profit & Loss Statement table below is for all 10 affiliate-owned Shops (6 in New York, 3 in California, and one in Pennsylvania) regardless of the number of chairs for providing facial services (but ranging from 7 to 14 chairs); and the fourth Profit & Loss Statement table below is for all 11 HEYDAY Shops (affiliate-owned and franchised) regardless of the number of chairs for providing facial services (but ranging from 7 to 14 chairs).

This section (and this Item 19 as a whole) excludes the operating results of 7 franchised Shops that opened during 2022 and therefore were not open for a full year as of December 31, 2022. No HEYDAY Shop closed during 2022.

Each HEYDAY Shop included in the tables below offered similar products and services as would generally be offered by a typical HEYDAY Shop described in this disclosure document.

The term “Net Revenue,” for purposes of this Item 19, has the same definition as “Gross Revenue” defined in Item 6 of this disclosure document—the aggregate amount of all revenue and other consideration received from any source, including from selling memberships (both pre- and post-opening), services, products, and merchandise, excluding sales taxes, promotional and other discounts, and customer credits.

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**Profit & Loss Statement for 2022 for Affiliate-Owned Shops with 7 or 8 Chairs  
(2 Shops in New York and 2 Shops in California)**

	<b>Average</b>	<b>Median</b>	<b>High</b>	<b>Low</b>	<b># / % At or Above Average</b>
Chairs	7.8	7.5	8.0	7.0	3 / 75.00%
Total Square Feet	1,297	1,190	1,785	1,023	2 / 50.00%
Total Treatments Performed	10,928	11,383	12,519	8,427	2 / 50.00%
Revenue from Services (\$)	1,708,359	1,820,153	1,955,435	1,237,694	3 / 75.00%
Revenue from Retail Product (\$)	536,346	504,885	750,569	385,043	1 / 25.00%
Discounts (\$)	(386,417)	(373,792)	(317,372)	(480,713)	3 / 75.00%
Other Revenue (\$)	108,912	119,871	124,152	87,542	2 / 50.00%
Total Net Revenue (\$)	1,967,200	2,071,118	2,333,657	1,392,908	3 / 75.00%
COGS - Esthetician Labor (\$)	268,012	273,274	313,466	212,034	2 / 50.00%
COGS - Retail Product & Service Supplies (\$)	342,451	321,501	478,255	248,546	1 / 25.00%
Non-Utilized Esthetician Labor (\$)	96,128	108,391	113,770	72,381	2 / 50.00%
Host, Manager, and Other Non-Esthetician Labor (\$)	468,446	473,899	552,316	373,671	2 / 50.00%
Occupancy (\$)	231,122	266,721	326,842	150,987	2 / 50.00%
Operating Expenses (\$)	313,387	297,229	353,619	278,280	2 / 50.00%
EBITDA before Franchise-Related Fees (\$)	247,654	330,103	350,384	29,818	3 / 75.00%
Royalties (7% Sales) (\$)	137,704	144,978	163,356	97,504	3 / 75.00%
Brand Fund (2% Sales) (\$)	39,344	41,422	46,673	27,858	3 / 75.00%
Technology Fee (\$800 per Month) (\$)	9,600	9,600	9,600	9,600	4 / 100.00%
EBITDA after Franchise-Related Fees (\$)	61,006	134,102	163,068	(105,144)	3 / 75.00%
Per Square Foot Occupancy	178	224	245	134	2 / 50.00%
Per Square Foot Net Revenue (\$)	1,517	1,740	1,890	1,307	2 / 50.00%
Utilization	74%	72%	77%	72%	2 / 50.00%

*[Remainder of page intentionally left blank]*

Profit & Loss Statement for 2022 for Franchised Shop with 8 Chairs  
(One Shop in Maryland)

	<b>Total</b>
Chairs	8.0
Total Square Feet	2,623
Total Treatments Performed	11,114
Revenue from Services (\$)	1,198,307
Revenue from Retail Product (\$)	404,065
Discounts (\$)	(166,265)
Other Revenue (\$)	72,928
Total Net Revenue (\$)	1,509,035
COGS - Esthetician Labor (\$)	247,258
COGS - Retail Product & Service Supplies (\$)	273,450
Non-Utilized Esthetician Labor (\$)	105,968
Host, Manager, and Other Non-Esthetician Labor (\$)	503,084
Occupancy (\$)	209,827
Operating Expenses (\$)	211,276
EBITDA before Franchise-Related Fees (\$)	(41,828)
Royalties (7% Sales) (\$)	105,632
Brand Fund (2% Sales) (\$)	30,181
Technology Fee (\$800 per Month) (\$)	9,600
EBITDA after Franchise-Related Fees (\$)	(187,242)
Per Square Foot Occupancy	80
Per Square Foot Net Revenue (\$)	575
Utilization	70%

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Profit & Loss Statement for 2022 for All 10 Affiliate-Owned Shops  
(6 Shops in New York, 3 Shops in California, and One Shop in Pennsylvania)

	Average	Median	High	Low	# / % At or Above Average
Chairs	9.5	9.0	14.0	7.0	4 / 40.00%
Total Square Feet	1,538	1,553	2,949	1,023	3 / 30.00%
Total Treatments Performed	12,471	13,361	15,499	8,427	6 / 60.00%
	-	-	-	-	-
Revenue from Services (\$)	1,929,127	1,992,854	2,533,490	1,237,694	6 / 60.00%
Revenue from Retail Product (\$)	557,401	685,717	750,569	351,458	6 / 60.00%
Discounts (\$)	(423,032)	(470,144)	(315,381)	(494,836)	4 / 40.00%
Other Revenue (\$)	125,253	113,796	185,410	85,453	3 / 30.00%
Total Net Revenue (\$)	2,188,749	2,322,223	2,876,961	1,360,000	6 / 60.00%
	-	-	-	-	-
COGS - Esthetician Labor (\$)	305,595	319,315	388,720	212,034	6 / 60.00%
COGS - Retail Product & Service Supplies (\$)	355,207	428,233	478,255	248,546	6 / 60.00%
Non-Utilized Esthetician Labor (\$)	101,969	112,476	129,602	65,451	7 / 70.00%
Host, Manager, and Other Non-Esthetician Labor (\$)	506,901	568,294	591,422	358,759	7 / 70.00%
Occupancy (\$)	311,866	313,648	505,554	150,987	5 / 50.00%
Operating Expenses (\$)	319,447	321,999	388,073	278,280	5 / 50.00%
	-	-	-	-	-
EBITDA before Franchise-Related Fees (\$)	287,764	258,257	632,252	(68,063)	7 / 70.00%
	-	-	-	-	-
Royalties (7% Sales) (\$)	153,212	162,556	201,387	95,200	6 / 60.00%
Brand Fund (2% Sales) (\$)	43,775	46,444	57,539	27,200	6 / 60.00%
Technology Fee (\$800 per Month) (\$)	9,600	9,600	9,600	9,600	10 / 100.00%
	-	-	-	-	-
EBITDA after Franchise-Related Fees (\$)	81,176	39,657	363,725	(200,063)	6 / 60.00%
	-	-	-	-	-
Per Square Foot Occupancy	216	214	356	94	5 / 50.00%
Per Square Foot Net Revenue (\$)	1,515	1,529	2,241	806	6 / 60.00%
Utilization	75%	74%	78%	72%	6 / 60.00%

Profit & Loss Statement for 2022 for All 11 Shops in System  
(10 Affiliate-Owned Shops and 1 Franchised Shop)

	Average	Median	High	Low	# / % At or Above Average
Chairs	9.4	10.0	14.0	7.0	4 / 36.36%
Total Square Feet	1,636	1,320	2,949	1,023	4 / 36.36%
Total Treatments Performed	12,348	14,202	15,499	8,427	6 / 54.55%
	-	-	-	-	-
Revenue from Services (\$)	1,862,689	2,030,272	2,533,490	1,198,307	7 / 63.64%
Revenue from Retail Product (\$)	543,462	620,864	750,569	351,458	6 / 54.55%
Discounts (\$)	(399,690)	(459,575)	(166,265)	(494,836)	5 / 45.45%
Other Revenue (\$)	120,496	119,227	185,410	72,928	4 / 36.36%
Total Net Revenue (\$)	2,126,957	2,310,789	2,876,961	1,360,000	7 / 63.64%
	-	-	-	-	-
COGS - Esthetician Labor (\$)	300,292	325,164	388,720	212,034	6 / 54.55%
COGS - Retail Product & Service Supplies (\$)	347,775	378,212	478,255	248,546	6 / 54.55%
Non-Utilized Esthetician Labor (\$)	102,332	129,602	129,602	65,451	8 / 72.73%
Host, Manager, and Other Non-Esthetician Labor (\$)	506,554	584,271	591,422	358,759	7 / 63.64%
Occupancy (\$)	302,590	387,239	505,554	150,987	5 / 45.45%
Operating Expenses (\$)	309,614	290,380	388,073	211,276	6 / 54.55%
	-	-	-	-	-
EBITDA before Franchise-Related Fees (\$)	257,801	215,922	632,252	(68,063)	7 / 63.64%
	-	-	-	-	-
Royalties (7% Sales) (\$)	148,887	161,755	201,387	95,200	7 / 63.64%
Brand Fund (2% Sales) (\$)	42,539	46,216	57,539	27,200	7 / 63.64%
Technology Fee (\$800 per Month) (\$)	9,600	9,600	9,600	9,600	11 / 100.00%
	-	-	-	-	-
EBITDA after Franchise-Related Fees (\$)	56,775	(1,649)	363,725	(200,063)	7 / 63.64%
	-	-	-	-	-
Per Square Foot Occupancy	203	293	356	80	5 / 45.45%
Per Square Foot Net Revenue (\$)	1,429	1,751	2,241	575	6 / 54.55%
Utilization	75%	72%	78%	70%	7 / 63.64%



Notes:

- (1) “Revenue from Services” includes revenue generated from providing facials and enhancements.
- (2) “Revenue from Retail Product” is recognized at the time of sale. Product Revenue reflects the gross sales amount before discounts and returns.
- (3) “Other Revenue” includes revenue generated from unclaimed membership fees and cancellation fees.
- (4) “Net Revenue” is the sum total of the Service Revenue and the Product Revenue but subtracting discounts, credits, and refunds.
- (5) “COGS - Esthetician Labor” includes wages paid to estheticians (ranges from \$18 an hour to \$30 an hour at existing locations), bonuses, overtime, and payroll taxes actually paid to or on behalf of estheticians, and the cost of laundry and wages paid for laundry services. It excludes sales commissions and training costs incurred before the Shop opened.
- (6) “COGS - Retail Product & Service Supplies” includes products and tools used in delivering Service Revenue and Product Revenue. The markup on retail products at existing locations is typically 100% of COGS (“Cost of Goods Sold”).
- (7) “Host, Manager, and Other Non-Esthetician Labor” includes manager salaries and front desk support staff. It also includes sales commissions, bonuses, overtime, and payroll taxes. Training costs incurred before the Shop opened are not included.
- (8) “Operating Expenses” includes supplies, cleaning and decor, technology costs, subscriptions and licenses for music, local store marketing, postage, repairs and maintenance, utilities, insurance, professional fees, merchant service fees, bank fees, licenses, and permits. Local store marketing encompasses what currently is reflected in this disclosure document and our Franchise Agreement as the Ongoing Marketing Investment and Local Marketing Requirement.
- (9) “Occupancy” includes occupancy costs (including base rent, taxes, insurance, and common area maintenance costs).
- (10) “EBITDA before Franchise Fees” means earnings before interest, taxes, depreciation, and amortization. Debt service, depreciation, amortization, and federal and state taxes are not included in this financial performance representation. As stated, this does not include franchise-related fees. The “High” and “Low” EBITDA numbers are the actual EBITDA numbers for the HEYDAY Shops encompassed in the particular Profit & Loss Statement that had the highest and lowest EBITDA numbers, respectively, for the 2022 calendar year. The “High” and “Low” EBITDA numbers are not the sum or product of all of the highest and all of the lowest, respectively, revenue and expense line-items appearing earlier in the particular Profit & Loss Statement.

(11) “EBITDA after Franchise Fees” means EBITDA after the actual or imputed impact of Royalty Fees, Technology Fees, and Brand Fund Contributions. While Affiliate-Owned Shops do not pay Royalty Fees, we have included an estimate based on the rates that a franchisee would have paid if these HEYDAY Shops were franchised Shops.

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

Net Revenue During 2022 at 10 Affiliate-Owned Shops Located in New York, California, and Pennsylvania and One Franchised Shop Located in Maryland

The tables below reflect (i) unaudited actual, historical average, median, and high/low Net Revenue for the 10 affiliate-owned HEYDAY Shops that operated during all of 2022 and (ii) the unaudited actual, historical Net Revenue for the one franchised HEYDAY Shop that operated during all of 2022. The tables for the affiliate-owned HEYDAY Shops include information for 6 Shops located in New York, 3 Shops located in California, and one Shop located in Pennsylvania. Each Shop included in the tables offered and sold similar products and services as those to be offered and sold by the HEYDAY Shops for which we are offering franchises in this disclosure document. The first Net Revenue table below is for 2 New York Shops and 2 California Shops that have 7 or 8 chairs for providing facial services (the focus of the offering in this disclosure document). The second Net Revenue table below is for all 10 affiliate-owned Shops, regardless of the number of chairs for providing facial services (but ranging from 7 to 14 chairs).

The unaudited actual, historical average, median, and high/low Net Revenue numbers reported below do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Net Revenue figures to obtain your net income or profit. You should independently investigate the costs and expenses you will incur in operating your HEYDAY Shop. Franchisees, or former franchisees, listed in this disclosure document may be one source of this information.

**Some HEYDAY Shops have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

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Affiliate-Owned Shops with 7 or 8 Chairs Open During All of 2022  
(2 Shops in New York and 2 Shops in California)

<b>NET REVENUE</b>	<b>1/1/2022</b>	<b>2/1/2022</b>	<b>3/1/2022</b>	<b>4/1/2022</b>	<b>5/1/2022</b>	<b>6/1/2022</b>	<b>7/1/2022</b>	<b>8/1/2022</b>	<b>9/1/2022</b>	<b>10/1/2022</b>	<b>11/1/2022</b>	<b>12/1/2022</b>
Average	\$111,416	\$137,665	\$194,558	\$161,853	\$167,085	\$185,347	\$147,802	\$149,138	\$189,109	\$160,336	\$165,797	\$197,094
Median	\$123,663	\$144,804	\$213,417	\$174,082	\$178,668	\$197,132	\$151,030	\$153,270	\$197,279	\$165,229	\$171,362	\$201,181
High	\$126,439	\$170,983	\$225,415	\$188,286	\$189,509	\$215,227	\$179,036	\$179,149	\$220,072	\$191,928	\$201,511	\$246,101
Low	\$71,901	\$90,069	\$125,983	\$110,962	\$121,493	\$131,899	\$110,110	\$110,862	\$141,808	\$118,959	\$118,952	\$139,911
# Above Average	3	3	3	3	3	3	2	2	2	3	2	2
% Above Average	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	50.00%	50.00%	50.00%	75.00%	50.00%	50.00%

All Affiliate-Owned Shops Open During All of 2022  
(6 Shops in New York, 3 Shops in California, and 1 Shop in Pennsylvania)  
(Ranging from 7 to 14 Chairs)

<b>NET REVENUE</b>	<b>1/1/2022</b>	<b>2/1/2022</b>	<b>3/1/2022</b>	<b>4/1/2022</b>	<b>5/1/2022</b>	<b>6/1/2022</b>	<b>7/1/2022</b>	<b>8/1/2022</b>	<b>9/1/2022</b>	<b>10/1/2022</b>	<b>11/1/2022</b>	<b>12/1/2022</b>
Average	\$127,787	\$155,711	\$216,985	\$173,894	\$182,738	\$206,403	\$159,710	\$163,024	\$210,705	\$180,438	\$186,697	\$221,800
Median	\$132,263	\$166,827	\$229,639	\$183,076	\$187,884	\$211,938	\$165,937	\$171,134	\$219,867	\$185,457	\$201,496	\$239,347
High	\$171,433	\$212,298	\$290,152	\$232,014	\$227,290	\$288,711	\$203,856	\$206,929	\$264,464	\$248,980	\$243,269	\$291,873
Low	\$71,901	\$90,069	\$125,983	\$104,279	\$117,493	\$125,813	\$100,217	\$110,503	\$141,808	\$106,919	\$104,566	\$129,280
# Above Average	5	6	7	6	6	6	7	7	6	5	6	6
% Above Average	50.00%	60.00%	70.00%	60.00%	60.00%	60.00%	70.00%	70.00%	60.00%	50.00%	60.00%	60.00%

One Franchised Shop Open During All of 2022  
(in Maryland)

<b>NET REVENUE</b>	<b>1/1/2022</b>	<b>2/1/2022</b>	<b>3/1/2022</b>	<b>4/1/2022</b>	<b>5/1/2022</b>	<b>6/1/2022</b>	<b>7/1/2022</b>	<b>8/1/2022</b>	<b>9/1/2022</b>	<b>10/1/2022</b>	<b>11/1/2022</b>	<b>12/1/2022</b>
	\$84,805	\$92,095	\$108,669	\$123,480	\$141,365	\$146,308	\$129,928	\$123,147	\$134,558	\$141,951	\$132,527	\$149,526

## Key Performance Indicators

We have summarized below 5 key performance indicators (KPIs) that are tracked and analyzed to assist with the operations of the affiliate-owned Shops. The KPIs reflect historical quarterly performance during 2022 for each KPI at the same 10 affiliate-owned Shops described in the previous sections. The tables include information on 6 Shops in New York, 3 Shops in California, and one Shop in Pennsylvania.

### Facials Performed

In 2022, affiliate-owned Shops only offered a 50-minute facial service. A client could purchase additional enhancements to be performed; however, no additional service time was added to the facials performed. The time between appointments ranged from 10-15 minutes depending on the safety protocols that were in place or mandated due to COVID-19 restrictions.

### Net AOV

Net AOV means gross average order value less any discounts and refunds.

### Member Facial Percentage

As a result of the enhanced membership offerings, the affiliate-owned Shops tracked the percentage of facials performed on members (versus non-members). A member purchases one facial per month at a reduced retail rate, and also has the opportunity to purchase additional facials within the month at a further reduced retail rate.

### Staffed Facial Capacity

The Staffed Facial Capacity represents the total number of services estheticians were available to perform.

### Shop Utilization

Shop Utilization represents the number of facials performed against the Staffed Facial Capacity.

*[Remainder of page intentionally left blank]*

Affiliate-Owned Shops with 7 or 8 Chairs Open During all of 2022 (4 Shops)

FACIALS PERFORMED	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	2,734	3,160	3,348	3,230
Median	2,825	3,154	3,550	3,329
High	3,508	4,010	3,860	4,137
Low	1,704	2,128	2,454	2,141
Number of Shops Exceeding Average	3	3	2	2
Percentage of Shops Exceeding Average	75.00%	75.00%	50.00%	50.00%
NET AOV (\$)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	171.22	167.54	149.45	163.98
Median	170.06	168.13	152.51	163.52
High	188.31	183.63	160.96	179.26
Low	152.62	144.49	119.56	136.52
Number of Shops Exceeding Average	2	2	3	2
Percentage of Shops Exceeding Average	50.00%	50.00%	75.00%	50.00%
Member Facial %	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	61%	59%	55%	65%
Median	61%	58%	55%	65%
High	62%	60%	58%	69%
Low	59%	58%	51%	59%
Number of Shops Exceeding Average	2	2	2	2
Percentage of Shops Exceeding Average	50.00%	50.00%	50.00%	50.00%
Staffed Facial Capacity	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	3,163	4,183	3,983	3,547
Median	3,302	4,344	4,159	3,669
High	3,650	5,023	4,558	4,041
Low	2,399	3,020	3,056	2,810
Number of Shops Exceeding Average	3	3	3	2
Percentage of Shops Exceeding Average	75.00%	75.00%	75.00%	50.00%
Utilization	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	75%	68%	75%	78%
Median	74%	68%	75%	78%
High	79%	71%	80%	79%
Low	1,704	2,128	2,454	2,141

Number of Shops Exceeding Average	2	2	2	2
Percentage of Shops Exceeding Average	50.00%	50.00%	50.00%	50.00%

All Affiliate-Owned Shops in System Open During All of 2022 (10 Shops)  
(Ranging from 7 to 14 Chairs)

FACIALS PERFORMED	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	2,734	3,160	3,348	3,230
Median	2,825	3,154	3,550	3,329
High	3,508	4,010	3,860	4,137
Low	1,704	2,128	2,454	2,141
Number of Shops Exceeding Average	5	5	6	5
Percentage of Shops Exceeding Average	50.00%	50.00%	60.00%	50.00%
NET AOV (\$)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	171.22	167.54	149.45	163.98
Median	170.06	168.13	152.51	163.52
High	188.31	183.63	160.96	179.26
Low	152.62	144.49	119.56	136.52
Number of Shops Exceeding Average	4	5	6	5
Percentage of Shops Exceeding Average	40.00%	50.00%	60.00%	50.00%
MEMBER FACIAL %	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	61%	60%	55%	64%
Median	60%	60%	55%	64%
High	64%	63%	64%	69%
Low	56%	55%	46%	59%
Number of Shops Exceeding Average	5	6	6	5
Percentage of Shops Exceeding Average	50%	60%	60%	50%
STAFFED FACIAL CAPACITY	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	3,546	4,539	4,474	4,123
Median	3,650	4,586	4,733	4,254
High	4,404	5,961	5,301	4,990
Low	2,399	2,773	3,056	2,810
Number of Shops Exceeding Average	6	5	6	5
Percentage of Shops Exceeding Average	60.00%	50.00%	60.00%	50.00%
SHOP UTILIZATION	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Average	77%	70%	75%	78%
Median	77%	71%	74%	78%
High	81%	81%	86%	84%
Low	71%	62%	68%	68%
Number of Shops Exceeding Average	5	6	4	6
Percentage of Shops Exceeding Average	50%	60%	40%	60%

One Franchised Shop Open During All of 2022

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Facials Performed	2,541	2,952	2,833	2,788
Net AOV	101	112	115	128
Member Facial %*	46%	51%	54%	50%

\*We do not have the “Staffed Facial Capacity” or “Utilization” information for this franchised Shop.

**Some HEYDAY Shops have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

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 Arielle Mortimer, Chief Operating Officer, Heyday Franchising LLC, 1130 Broadway, Front 1, New York, New York 10010, (929) 314- 2725, the Federal Trade Commission, and the appropriate state regulatory agencies.

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 Arielle Mortimer, Chief Operating Officer, Heyday Franchising LLC, 1130 Broadway, Front 1, New York, New York 10010, (929) 314-2725, the Federal Trade Commission, and the appropriate state regulatory agencies.

*[Item 20 begins on next page]*

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

All figures in the tables below are as of December 31 of each year. The “Company-Owned” outlets referenced in tables 1 and 4 below are owned by one or more of our affiliated entities.

Table No. 1  
**Systemwide Outlet Summary**  
**For years 2020 to 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	1	+1
	2022	1	8*	+7
Company-Owned	2020	10	9	-1
	2021	9	10	+1
	2022	10	10	0
Total Outlets	2020	10	9	-1
	2021	9	11	+2
	2022	11	18	+7

\* One of our affiliates currently plans to reacquire 6 franchised HEYDAY Shops currently operated by an affiliate of an investor in the HEYDAY system in a transaction scheduled to close in late September or October 2023.

*[Remainder of page intentionally left blank]*



Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2020 to 2022**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3

**Status of Franchised Outlets  
For years 2020 to 2022**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Maryland	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Totals	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	7	0	0	0	0	8*

\* One of our affiliates currently plans to reacquire 6 franchised HEYDAY Shops currently operated by an affiliate of an investor in the HEYDAY system in a transaction scheduled to close in late September or October 2023.

*[Remainder of page intentionally left blank]*

Table No. 4

**Status of Company-Owned Outlets  
For years 2020 to 2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
California	2020	2	1	0	1	0	2
	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
New York	2020	7	0	0	1	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
Pennsylvania	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	10	1	0	2	0	9
	2021	9	1	0	0	0	10
	2022	10	0	0	0	0	10

*[Remainder of page intentionally left blank]*

Table No. 5

**Projected Openings as of December 31, 2022**

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
Arizona	1	2	0
California	0	1	0
Colorado	1	3	0
District of Columbia	0	1	0
Florida	1	0	0
Georgia	0	2	0
Kentucky	1	0	0
Massachusetts	1	1	0
Minnesota	1	0	0
New Jersey	1	0	0
New York	1	0	0
Ohio	1	1	0
Texas	1	4	0
Washington	1	0	0
Total	11	15	0

Our franchisees as of this disclosure document's issuance date are identified on Exhibit J (including which franchisees have multi-unit development rights). There were no franchisees that had HEYDAY Shops terminated, canceled, or not renewed, or that otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement or Development Rights Agreement, during our last fiscal year or that have not communicated with us within 10 weeks of this disclosure document's issuance date. However, one of our affiliates currently plans to reacquire 6 franchised HEYDAY Shops currently operated by an affiliate of an investor in the HEYDAY system, as well as its existing franchise development rights, in a transaction scheduled to close in late September or October 2023. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former franchisees signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in the HEYDAY Shop franchise system.

We have formed a Franchise Advisory Council (“FAC”) to serve as a sounding board for new ideas and initiatives and to provide feedback to us on issues of concern and priorities. The FAC has 3 members serving 2-year appointments. The FAC will serve only an advisory role; it will not have authority to establish or modify policies for the HEYDAY Shop franchise system. Because the FAC does not have its own physical or email address, telephone number, or website, you should contact Kathleen Carroll, our Vice President of Franchise Shop Operations, regarding the FAC. There are no other trademark-specific franchisee organizations associated with the HEYDAY Shop franchise system.

## **Item 21** **FINANCIAL STATEMENTS**

Exhibit A contains our audited financial statements for our fiscal years ended December 31, 2022, and December 28, 2021, our unaudited balance sheet as of June 30, 2023, and our unaudited income statement for the year-to-date fiscal period ending June 30, 2023. Because we have not been in existence for at least 3 years, we do not have available and cannot yet include in this disclosure documents 3 full years of audited financial statements.

## **Item 22** **CONTRACTS**

The following contracts/documents are exhibits:

1. Franchise Agreement (Exhibit B)
2. Development Rights Agreement (Exhibit C)
3. Franchisee Representations Document (Exhibit F)
4. Form of General Release (Exhibit G)
5. State-Specific Agreement Riders (Exhibit H)
6. Shop Opening Services Agreement (Exhibit I)

## **Item 23** **RECEIPTS**

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

**EXHIBIT A**

**FINANCIAL STATEMENTS**

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**

**FINANCIAL STATEMENTS**

**PERIOD FROM DECEMBER 29, 2021 THROUGH DECEMBER 31, 2022**  
**AND FIFTY-TWO WEEKS ENDED DECEMBER 28, 2021**

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**FOR THE PERIOD FROM DECEMBER 29, 2021 THROUGH DECEMBER 31, 2022 AND**  
**FOR THE FIFTY-TWO WEEKS ENDED DECEMBER 28, 2021**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statements</b>	
Balance sheets	4
Statements of operations and changes in member's equity (deficit)	5
Statements of cash flows	6
Notes to financial statements	7 - 15



## **INDEPENDENT AUDITOR'S REPORT**

To the Member  
Heyday Franchise LLC

### **Opinion**

We have audited the accompanying financial statements of Heyday Franchise LLC (a limited liability company) (the "Company"), which comprise the balance sheets as of December 31, 2022 and December 28, 2021, and the related statements of operations and changes in member's equity (deficit) and cash flows for the period from December 29, 2021 through December 31, 2022 and for the fifty-two weeks ended December 28, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heyday Franchise LLC as of December 31, 2022 and December 28, 2021, and the results of its operations and its cash flows for the period from December 29, 2021 through December 31, 2022 and for the fifty-two weeks ended December 28, 2021, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heyday Franchise 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.

### **Uncertainty Regarding Impacts of Recent Disruptions in the U.S. Banking System**

As discussed in Note 5 to the financial statements, in March 2023, the shutdown of certain financial institutions raised economic concerns over disruptions to the U.S. banking system. Given the uncertainty of the situation, the related financial statement impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

### **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.

## **Responsibilities of Management for the Financial Statements (Continued)**

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 Heyday Franchise LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heyday Franchise 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 Heyday Franchise LLC's ability to continue as a going concern for a reasonable period of time.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
July 21, 2023

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 321,030	\$ 3,465,665
Accounts receivable	41,361	-
Due from affiliates	32,656	-
Prepaid expenses and other current assets	17,819	19,097
Prepaid commissions, current	<u>58,949</u>	<u>19,017</u>
Total current assets	<u>471,815</u>	<u>3,503,779</u>
Other assets:		
Prepaid commissions, net of current	801,352	364,490
Security deposit	<u>-</u>	<u>16,875</u>
Total other assets	<u>801,352</u>	<u>381,365</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,273,167</u></b>	<b><u>\$ 3,885,144</u></b>
<b><u>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</u></b>		
Current liabilities:		
Accounts payable	\$ 71,331	\$ 50,506
Due to related party	400,112	238,476
Deferred franchise fees, current	<u>149,375</u>	<u>42,650</u>
Total current liabilities	620,818	331,632
Long-term liability:		
Deferred franchise fees, net of current portion	<u>2,302,708</u>	<u>1,214,379</u>
Total liabilities	2,923,526	1,546,011
Commitments and contingencies (Notes 6 and 7)		
Member's equity (deficit)	<u>(1,650,359)</u>	<u>2,339,133</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>	<b><u>\$ 1,273,167</u></b>	<b><u>\$ 3,885,144</u></b>

See accompanying notes to financial statements.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY (DEFICIT)**  
**FOR THE PERIOD FROM DECEMBER 29, 2021 THROUGH DECEMBER 31, 2022 AND**  
**FOR THE FIFTY-TWO WEEKS ENDED DECEMBER 28, 2021**

	<u>2022</u>	<u>2021</u>
Revenues:		
Franchise fees	\$ 104,946	\$ 7,971
Royalties	53,523	-
Brand fund fees	462,616	-
Technology fees	<u>116,000</u>	<u>-</u>
Total revenues	737,085	7,971
Selling, general and administrative expenses	<u>5,166,336</u>	<u>2,330,495</u>
Net loss	(4,429,251)	(2,322,524)
Member's equity - beginning	2,339,133	-
Member contributions	1,399,789	4,661,657
Member distributions	<u>(960,030)</u>	<u>-</u>
<b>MEMBER'S EQUITY (DEFICIT) - ENDING</b>	<b><u>\$ (1,650,359)</u></b>	<b><u>\$ 2,339,133</u></b>

See accompanying notes to financial statements.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD FROM DECEMBER 29, 2021 THROUGH DECEMBER 31, 2022 AND**  
**FOR THE FIFTY-TWO WEEKS ENDED DECEMBER 28, 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (4,429,251)	\$ (2,322,524)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Expenses paid by Parent on behalf of the Company and recorded as equity contributions	1,399,789	2,461,657
Changes in operating assets and liabilities:		
Accounts receivable	(41,361)	-
Due from affiliates	(32,656)	-
Prepaid expenses and other current assets	1,278	(19,097)
Prepaid commissions	(476,794)	(383,507)
Security deposits	16,875	(16,875)
Accounts payable and accrued expenses	20,825	288,982
Due to related party	161,636	-
Deferred franchise fees	<u>1,195,054</u>	<u>1,257,029</u>
Net cash provided by (used in) operating activities	<u>(2,184,605)</u>	<u>1,265,665</u>
Cash flows from financing activities:		
Member contributions	-	2,200,000
Member distributions	<u>(960,030)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(960,030)</u>	<u>2,200,000</u>
Net increase (decrease) in cash	(3,144,635)	3,465,665
Cash - beginning	<u>3,465,665</u>	<u>-</u>
<b>CASH - ENDING</b>	<u><u>\$ 321,030</u></u>	<u><u>\$ 3,465,665</u></u>

See accompanying notes to financial statements.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

Heyday Franchise LLC (the "Company"), a wholly-owned subsidiary of Heyday Wellness LLC (the "Parent"), was formed on December 23, 2020, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement dated January 1, 2021, as amended April 6, 2022, as further described in Note 7. Pursuant to the Company's standard franchise agreement, franchisees will operate an upscale shop offering skincare services and products in a retail location.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

Since inception of the Company, a portion of the Company's overhead expenses have been absorbed and paid for by the Parent and charged to the Company through a management allocation. The Parent has committed to absorb these expenses through April 2024 or until such time that the Company generates meaningful revenues and attains profitable operations.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

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

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Fiscal year

Effective December 29, 2021, the Company's reporting period for financial reporting purposes was changed to a fiscal year end of December 31. Prior to December 29, 2021, the Company's reporting period for financial reporting purposes was the period ending on the last Tuesday prior to December 31. This period consisted of 52 or 53 weeks of operations. The fiscal year ended December 28, 2021, consisted of 52 weeks.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company did not require an allowance for doubtful accounts at December 31, 2022 and December 28, 2021.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income taxes

The Company is treated as a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2022 and December 28, 2021.

The Parent files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Revenue and cost recognition

The Company derives substantially all its revenue from franchise fee revenue, royalty revenue, renewal fees, transfer fees and brand fund fee revenue pursuant to franchise agreements.

*Franchise fees and royalties*

Contract consideration from franchisees primarily consists of initial or renewal franchise fees, sales-based royalties, sales-based brand fund fees and transfer fees payable by a franchisee for the transfer of its franchise unit to another franchisee. The Company also may enter into development rights agreements ("DRA") which grant a franchisee the right to develop two or more franchise units. The Company collects an up-front area development fee for the grant of such rights. The initial franchise fees and up-front area development fees are nonrefundable and collected when the underlying franchise agreement or DRA is signed by the franchisee. Sales-based royalties and brand fees are payable weekly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligations under the franchise agreement include the granting of certain rights to access the Company's intellectual property in addition to a variety of activities relating to the opening of a franchise unit. Those costs would include training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under Accounting Standards Update ("ASU") No. 2021-02 are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities, if any, that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's



**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and cost recognition (continued)

*Franchise fees and royalties (continued)*

intellectual property and therefore accounted for as a separate performance obligation. All other pre-opening activities will be determined to be highly interrelated to the use of the Company's intellectual property and therefore accounted for as a component of a single performance obligation which is satisfied along with granting of certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU No. 2021-02, which are not brand specific are recognized when those performance obligations are satisfied. Consideration allocated to pre-opening activities included under ASU No. 2021-02 is recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. DRAs generally consist of an obligation to grant the right to open two or more units. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty is deemed collectible.

*Brand fund*

The Company maintains a brand fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees will be collected from franchisees based on a percentage of franchisee net sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore will recognize the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur.

When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs are accrued up to the amount of brand fund revenues recognized.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and cost recognition (continued)

*Technology fees*

The Company recognizes revenues from technology fees as a single performance obligation, when the services are rendered.

*Other revenues*

All other fees are recognized as services are rendered.

*Incremental costs of obtaining a contract*

The Company capitalizes direct and incremental costs, principally consisting of commissions paid to brokers, associated with the sale of franchises and amortizing those costs over the term of the respective franchise agreement and DRAs. In the case of costs paid related to DRAs for which no signed franchise agreement has yet been received, these costs are deferred until the Company has obtained a signed franchise agreement.

Advertising

Advertising costs are expensed as incurred and are included in "Selling, general and administrative expenses" in the accompanying statements of operations and member's equity (deficit). Advertising costs amounted to \$463,684 and \$204,062 for the period from December 29, 2021 through December 31, 2022 and for the fifty-two weeks ended December 28, 2021, respectively.

Variable interest entities

In accordance with the provisions of the FASB ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* ("ASU 2018-17"), FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the entities disclosed in Note 7 meet the conditions under ASU 2018-17, and accordingly, is not required to include the accounts of the related parties in the Company's financial statements.

Recently issued but not yet effective accounting pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), and subsequent amendment to the initial guidance: ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (collectively, "Topic 326"). Topic 326 introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts and will generally result in earlier recognition of allowances for losses. For non-public companies, Topic 326 will be effective for annual and interim reporting periods beginning after December 15, 2022. The guidance is to be applied using the modified retrospective approach. The Company is in the process of assessing the impact of Topic 326 on its financial statements.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through July 21, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Note 5, there were other no material subsequent events that required recognition or additional disclosure in the financial statements.

**NOTE 3. FRANCHISED OUTLETS**

The following data presents the status of the Company's franchised outlets as of December 31, 2022 and December 28, 2021:

	<u>2022</u>	<u>2021</u>
Franchises sold	35	100
Franchises purchased	-	-
Franchised outlets in operation	8	1
Affiliate-owned outlets in operation	10	10

**NOTE 4. LIQUIDITY AND MEMBER'S DEFICIT**

The Company has historically sustained a net loss, had negative working capital and an accumulated member's deficit of \$1,650,359 as of December 31, 2022. Since inception, the Company's operations have been funded primarily through capital contributions from the Parent. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed in the future.

Subsequent to the year ended December 31, 2022, management has taken several actions to improve operating cash flows mainly by generating increased royalty revenue. As of the date these financial statements were available to be issued, the Company continues to open additional franchises and is generating royalties from open and operating franchisees. The Company believes that the actions taken will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued. If necessary, management of the Company has been advised that the Parent intend to provide any financial assistance needed by the Company should its cash flows from operations combined with its available cash balances not be sufficient to meet its working capital needs. Management believes that the Parent has the intent and ability to provide the funds needed, if any, to continue to fund the operations of the Company for at least one year from the date these financial statements were available to be issued.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 5. CONCENTRATIONS OF CREDIT RISK**

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

In March 2023, the shutdown of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or have other adverse effects. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Accounts receivable

Concentration of credit risk with respect to receivables is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. As of December 31, 2022, four franchisees accounted for 100% of the Company's accounts receivable. The Company, when needed, provides an allowance for doubtful accounts equal to the estimated collection losses based on historical experience coupled with a review of the current status of existing receivables.

**NOTE 6. REVENUES AND RELATED CONTRACT BALANCES**

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows is affected by economic factors.

Revenues by timing of recognition for the period from December 29, 2021 through December 31, 2022 and for the fifty-two weeks ended December 28, 2021:

	<u>2022</u>	<u>2021</u>
<i>Point in time:</i>		
Franchise fees	\$ 46,500	\$ -
Royalties	53,523	-
Brand fund fees	462,616	-
Technology fees	<u>116,000</u>	<u>-</u>
Total point in time	678,639	-
<i>Over time:</i>		
Franchise fees	<u>58,446</u>	<u>7,971</u>
Total revenues	<u>\$ 737,085</u>	<u>\$ 7,971</u>

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 6. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)**

Contract balances

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred franchise fees" in the accompanying balance sheets. A summary of significant changes in deferred revenues during the period from December 29, 2021 through December 31, 2022 and for the fifty-two weeks ended December 28, 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Deferred franchise fees - beginning of year	\$ 1,257,029	\$ -
Additions for initial franchise fees received	1,300,000	1,265,000
Revenue recognized during the year	<u>(104,946)</u>	<u>(7,971)</u>
Deferred franchise fees - end of year	<u>\$ 2,452,083</u>	<u>\$ 1,257,029</u>

At December 31, 2022, deferred franchise fees are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 149,375
2024	33,125
2025	33,125
2026	33,125
2027	33,125
Thereafter	<u>2,170,208</u>
Total	<u>\$ 2,452,083</u>

Deferred revenues at December 31, 2022, consisted of the following:

Franchise units not yet opened	\$ 2,422,829
Opened franchise units	<u>29,254</u>
Total	<u>\$ 2,452,083</u>

The direct and incremental costs, principally consisting of commissions, are included in "Prepaid commissions" in the accompanying balance sheets. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2022, are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2023	\$ 41,166
2024	52,783
2025	52,783
2026	52,783
2027	52,783
Thereafter	<u>629,145</u>
Total	<u>\$ 881,443</u>

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 7. RELATED-PARTY TRANSACTIONS**

License agreement

On January 1, 2021, the Company entered into a perpetual non-exclusive license agreement with the Parent for the use of the registered name "Heyday" (the "license agreement"). On April 6, 2022, the Parent assigned the rights for the use of the registered name "Heyday" to Heyday IP, LLC. Pursuant to the license agreement, the Company acquired the right to sell "Heyday" franchises, and the right to earn franchise fees, royalties and other fees from franchisees.

Other related-party transactions

On June 4, 2021, the Company entered into agreements with an entity that has a certain ownership percentage in the Parent. Pursuant to the agreements, this related party provides franchise development, training and other services and the Company has agreed to pay a service fee to the affiliated entity, as defined. For the period from December 29, 2021 through December 31, 2022 and for the fifty-two weeks ended December 28, 2021, the fees charged under the agreements amounted to \$1,055,247 and \$658,893 respectively, and are included in "Selling, general and administrative expenses" and "Prepaid commissions" in the accompanying statements of operations and changes in member's equity (deficit) and balance sheets. Service fees owed to this affiliated entity amounted to \$400,112 and \$238,476 at December 31, 2022 and December 28, 2021, respectively, and included in "Due to related party" in the accompanying balance sheets. Such amounts are expected to be paid within the next year and, accordingly, have been classified as current liabilities in the accompanying balance sheets.

Related-party revenues

The Company receives royalties, brand fund fees and technology fees from locations owned and operated by an entity related through common ownership of the Parent. For the period from December 29, 2021 through December 31, 2022, revenues earned from related parties totaled \$35,737, \$43,665, and \$17,600 and are included in "Royalties," "Brand fund fees" and "Technology fees," respectively, in the accompanying statements of operations and changes in member's equity (deficit). There was no revenue earned from related parties for the fifty-two weeks ended December 28, 2021.

Receivables related to revenues owed from this related party amounted to \$22,443 as of December 31, 2022, and are reported as "Accounts receivable" in the accompanying balance sheets. There were no receivables related to royalties owed from the related party as of December 28, 2021.

Parent-operated store revenues

The Company receives brand fund fees and technology fees from locations owned and operated by the Parent. For the period from December 29, 2021 through December 31, 2022, revenues earned from these locations totaled \$413,477 and \$96,000 and are included in "Brand fund fees" and "Technology fees", respectively, in the accompanying statements of operations and member's equity (deficit). For the fifty-two weeks ended December 28, 2021, there were no brand fund fees or technology fees earned from these locations. There were no receivables owed from these locations as of December 31, 2022 and December 28, 2021.

**HEYDAY FRANCHISE LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND DECEMBER 28, 2021**

**NOTE 7. RELATED-PARTY TRANSACTIONS (CONTINUED)**

Due from affiliates

The Company reimburses franchisees for gift cards and memberships purchased at affiliated-owned locations and redeemed at franchisee locations. The outstanding balance owed to the Company by affiliate-owned locations for the reimbursement of gift card and membership redemptions amounted to \$32,656 at December 31, 2022. There were no amounts due from affiliates at December 28, 2021. Such amounts are expected to be collected within the next year and, accordingly, have been classified as current assets.

**NOTE 8. BRAND FUND**

Pursuant to the structured form of the franchising arrangement, the Company collects brand fund fees of up to 3% of franchisees' reported sales, currently set at 2%. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2022, the Company had collected \$462,616, all of which was spent on brand fund advertising. There were no brand fund fees collected for the fifty-two weeks ended December 28, 2021.

**UNAUDITED FINANCIAL STATEMENTS**



Heyday Franchise LLC  
Balance Sheet  
as of June 30, 2023  
UNAUDITED

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	98,900
Accounts Receivable	296,700
Other Current Assets	237,000
<b>Current Assets</b>	<u>632,600</u>
Deferred Commissions	801,300
<b>Total Assets</b>	<u><u>1,433,900</u></u>
<b>Liabilities &amp; Equity</b>	
<b>Current Liabilities</b>	
Accounts Payable	734,700
<b>Total Current Liabilities</b>	<u>734,700</u>
Unearned Revenue	2,444,000
<b>Total Liabilities</b>	<u>3,178,700</u>
Member's Equity (Deficit)	(1,744,800)
<b>Total Liabilities &amp; Equity</b>	<u><u>1,433,900</u></u>

Heyday Franchise LLC  
Income Statement  
for the six months ended June 30, 2023  
UNAUDITED

<b>Revenue</b>	
Royalties and Franchise Fees	219,500
Brand Fund Income	197,700
Technology Fees	69,600
<b>Total Revenue</b>	<u>486,800</u>
<b>Expenses</b>	
Payroll and Benefits	923,200
Other Operating Expenses	255,800
<b>Total Expenses</b>	<u>1,179,000</u>
<b>Net Loss</b>	<u><u>(692,200)</u></u>

**EXHIBIT B**

**FRANCHISE AGREEMENT**

**HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

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FRANCHISEE NAME

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SHOP ADDRESS

## TABLE OF CONTENTS

SECTION	PAGE
1. Preambles .....	1
2. Acknowledgments.....	1
3. Grant of Franchise.....	3
A. Grant of Franchise.....	3
B. Term.....	3
C. Territorial Rights.....	3
D. Reservation of Rights.....	4
E. Guaranty.....	5
F. Your Form and Structure .....	5
G. Managing Owner .....	6
H. Operator .....	7
4. Shop Development Team, Site Selection, Lease, and Developing the Shop.....	7
A. Shop Development Team.....	7
B. Site Selection and Acceptance .....	8
C. Lease Negotiation and Acceptance.....	9
D. Development of Shop .....	10
E. Opening.....	11
5. Fees .....	12
A. Initial Franchise Fee.....	12
B. Royalty .....	12
C. Technology Fee.....	13
D. Member Services Center Fee .....	13
E. Payment Method and Timing.....	13
F. Administrative Fee and Interest on Late Payments .....	14
G. Application of Payments and Right of Set-Off.....	14
H. Annual Increase in Fixed Fees and Amounts .....	14
6. Training, Guidance, and Assistance.....	15
A. Initial Training .....	15
B. Retraining.....	15
C. Pre-Opening Hands-On Training and Support .....	16
D. Ongoing and Supplemental Training/Convention .....	16
E. Training For Replacement Managing Owner and Operator.....	16

## TABLE OF CONTENTS

SECTION	PAGE
F. Training for Shop Employees .....	17
G. Training Cancellation Fee.....	17
H. General Guidance and the Operations Source .....	17
I. Delegation .....	19
7. Shop Operation and Brand Standards .....	19
A. Condition and Appearance of Shop .....	19
B. Compliance with Applicable Laws and Good Business Practices.....	20
C. Compliance with Brand Standards.....	20
D. Approved Services, Products, and Suppliers .....	24
E. Computer System.....	25
F. Membership Agreements .....	26
8. Marks .....	26
A. Ownership and Goodwill of Marks.....	26
B. Limitations on Use of Marks .....	27
C. Notification of Infringements and Claims .....	27
D. Discontinuance of Use of Marks.....	28
E. Indemnification for Use of Marks.....	28
9. Confidential Information .....	28
10. Consumer Data and Shop Customer Lists .....	30
11. Innovations.....	31
12. Exclusive Relationship.....	31
A. Restrictions. ....	31
B. Directives. ....	32
13. Advertising and Marketing .....	32
A. Market Introduction Program .....	32
B. Brand Fund.....	33
C. Ongoing Marketing Investment .....	35
D. Local Marketing Requirement .....	35
E. Approval of Marketing and Other External Communications.....	36
F. Regional Advertising Cooperatives .....	37
G. System Website.....	37
14. Records, Reports, and Financial Statements.....	38

## TABLE OF CONTENTS

SECTION	PAGE
15. Inspections and Audits .....	39
A. Inspections .....	39
B. Our Right to Audit .....	40
16. Transfer .....	41
A. Transfer by Us.....	41
B. Transfer by You and Definition of Transfer .....	41
C. Conditions for Approval of Transfer .....	42
D. Transfer to a Wholly-Owned or Affiliated Entity.....	46
E. Death or Disability .....	46
F. Effect of Consent to Transfer.....	47
G. Our Right-of-First-Refusal.....	47
17. Expiration of Agreement.....	49
18. Termination of Agreement.....	50
A. Termination by You.....	50
B. Termination by Us .....	50
C. Assumption of Shop's Management .....	53
D. Other Remedies upon Default.....	54
19. Rights and Obligations upon Termination or Expiration of This Agreement .....	55
A. Payment of Amounts Owed .....	55
B. De-Identification .....	55
C. Confidential Information .....	56
D. Notification to Customers .....	57
E. Covenant Not to Compete.....	57
F. Option to Purchase Operating Assets .....	58
G. Liquidated Damages .....	60
H. Continuing Obligations .....	60
20. Relationship of the Parties; Indemnification.....	61
A. Independent Contractors .....	61
B. No Liability for Acts of Other Party .....	61
C. Taxes .....	62
D. Insurance .....	62
E. Indemnification .....	62

## TABLE OF CONTENTS

SECTION	PAGE
21. Enforcement.....	64
A. Severability .....	64
B. Waiver of Obligations and Force Majeure.....	64
C. Costs and Attorneys' Fees .....	65
D. You May Not Withhold Payments.....	65
E. Rights of Parties Are Cumulative .....	65
F. Arbitration.....	66
G. Governing Law .....	67
H. Consent to Jurisdiction.....	68
I. Waiver of Punitive and Exemplary Damages.....	68
J. Waiver of Jury Trial.....	68
K. Binding Effect.....	68
L. Limitations of Claims .....	69
M. Construction.....	69
N. The Exercise of Our Business Judgment .....	70
22. Compliance with Anti-Terrorism Laws .....	71
23. Notices and Payments.....	71
24. Electronic Mail.....	72
25. No Waiver or Disclaimer of Reliance in Certain States .....	72

### **EXHIBITS**

Exhibit A – Basic Terms

Exhibit B-1 – Guaranty and Assumption of Obligations

Exhibit B-2 – Owner's Undertaking of Non-Monetary Obligations

Exhibit C – Franchisee and Its Owners

Exhibit D – Lease Rider

Exhibit E – Sample Form of Confidentiality Agreement

## **HEYDAY FRANCHISE LLC** **FRANCHISE AGREEMENT**

This Franchise Agreement (this “**Agreement**”) is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**” or “**your**”), and is effective as of the date we sign it, which is set forth next to our signature at the end of this Agreement (the “**Effective Date**”).

### **1. Preambles**

We and certain of our affiliates have created, designed, and developed a skincare shop concept identified by the Marks (defined below) that currently provides, following a proprietary system, various skincare services and products in a warm and inviting retail environment. We and such affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for this skincare shop concept, including “HEYDAY® Shop,” and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the “**Marks**”). One of our affiliates currently owns the Marks, the Confidential Information (defined in Section 9 below), and all aspects of our branded system and licenses that intellectual property to us for use in our franchise program for HEYDAY Shops (“**HEYDAY Shops**”).

We offer and grant franchises to operate a HEYDAY Shop using the HEYDAY Shop business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we and our affiliates periodically may improve, further develop, and otherwise modify (collectively, the “**Franchise System**”).

You have applied for a franchise to operate a HEYDAY Shop, and we are willing to grant you the franchise on the terms and conditions contained in this Agreement.

### **2. Acknowledgments**

You acknowledge that:

- (1) Attracting customers for your HEYDAY Shop will require you to make consistent marketing efforts in your community, including through permitted media and on-line advertising and social-media marketing and networking.
- (2) Retaining customers for your HEYDAY Shop will require you to provide high-quality services and products and adhere strictly to the Franchise System and Brand Standards (defined in Section 6.H below and categorized in Section 7.C below).
- (3) You are committed to maintaining Brand Standards.
- (4) Our officers, directors, employees, consultants, lawyers, and agents act only in a representative, and not in an individual, capacity when dealing with you, and their



business dealings between with you as a result of this Agreement therefore are considered to be only between you and us.

- (5) All application and qualification materials you gave us about you and your owners to acquire this franchise were accurate and complete.
- (6) We make no commitment about the extent to which we and our affiliates will continue developing and expanding the HEYDAY Shop network.

**The acknowledgments in clauses (7) through (14) below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.**

- (7) Other than disclosures appearing in our franchise disclosure document, if any, you have not received from us or our affiliates any representations or guarantees, express or implied, of a HEYDAY Shop's potential volume, sales, income, or profits.
- (8) You read this Agreement and our franchise disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high service quality and product standards (and the uniformity of those standards at each HEYDAY Shop) and to protect and preserve the goodwill of the Marks.
- (9) You independently investigated the HEYDAY Shop franchise opportunity and recognize that the nature of the Shop's business will evolve and change over time.
- (10) Investing in a HEYDAY Shop involves business risks that could result in your losing a significant portion or all of your investment.
- (11) Your business abilities and efforts are vital to your success.
- (12) We have not made any representation, warranty, or other claim regarding this HEYDAY Shop franchise opportunity other than those made in this Agreement and our franchise disclosure document, and you independently evaluated this opportunity.
- (13) You had an opportunity to ask questions and to review materials of interest to you concerning the HEYDAY Shop franchise opportunity.
- (14) You had an opportunity, and we encouraged you, to have an attorney or other professional advisor review this Agreement and all other materials we gave or made available to you.

### 3. Grant of Franchise

#### A. Grant of Franchise

Subject to this Agreement's terms, we grant you the right, and you commit, to operate a HEYDAY Shop at the address identified on Exhibit A (the "**Shop**") using the Franchise System and the Marks. (If the Shop's address is unknown as of the Effective Date, the address will be determined as provided in Section 4.B and then listed on an amended and restated Exhibit A we will give you.) Except as provided in this Agreement, your right to operate the Shop is limited to services you provide and products you sell at the Shop's physical location. You do not have the right to distribute services and products over the Internet or to engage in other supply or distribution channels away from the Shop's physical location (for example, unapproved Apps, catalog sales, mail-order sales, infomercials, or telemarketing). However, you do have the right—on the condition that you follow Brand Standards—to promote and advertise the Shop in its principal market area and to participate in approved promotional events away from the Shop's location.

#### B. Term

The franchise term (the "**Term**") begins on the Effective Date and expires ten (10) years from the date on which the term of the Shop's Lease (defined in Section 4.C below) commences. The Term is subject to earlier termination under Section 18. You agree to operate the Shop in compliance with this Agreement for the entire Term unless this Agreement is properly terminated under Section 18.

#### C. Territorial Rights

During the Term, we and our affiliates will not, except as provided in this Section 3.C and in Section 3.D below, own or operate, or allow another franchisee or licensee to own or operate, another HEYDAY Shop that has its physical location within the geographical area described on Exhibit A (the "**Area of Protection**"). We have the right to modify the Area of Protection only as provided in Exhibit A. If the Shop's address is unknown as of the Effective Date, we will describe the Area of Protection on an amended and restated Exhibit A that we will send you after we accept and you secure the Shop's site, as provided in Section 4.B.

The Area of Protection will always be defined and deemed to exclude any and all Non-Traditional Venues physically located within the Area of Protection. This means there are no restrictions whatsoever on our and our affiliates' activities in or at Non-Traditional Venues physically located within the Area of Protection, including, but not limited to, our and our affiliates' right to own and operate and to grant others the right to own and operate HEYDAY Shops, and to engage in other business activities under the Marks, in or at such Non-Traditional Venues. In this Agreement, a "**Non-Traditional Venue**" means a captive-venue location such as an airport, airport terminal, or other type of transportation facility (for example, a train or bus station), department stores, retail super-stores, and other retail businesses (for example, pharmacies, drug stores, and other "store-in-store" opportunities), university and college campuses, military facilities, entertainment and sports complexes, hotels and other lodging facilities, casinos, and similar venues.

#### **D. Reservation of Rights**

Except for your location exclusivity described in Section 3.C above (which is subject to our and our affiliates' rights with respect to Non-Traditional Venues physically located within the Area of Protection), we and our affiliates retain all rights with respect to HEYDAY Shops, the Marks, the offer and sale of services and products that are similar to, competitive with, or dissimilar from the services and products your Shop offers and sells, and any other activities we and they deem appropriate, whenever and wherever we and they desire, without regard to the competitive impact on your Shop. We and you agree that our rights will be as broad as possible inside and outside the Area of Protection. Specifically, but without limitation, we and our affiliates reserve the following rights:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, HEYDAY Shops at any physical locations (and in any geographic markets) outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

(2) to offer and sell and to allow others (including franchisees, licensees, and other distributors) to offer and sell, inside and outside the Area of Protection and on any terms and conditions we and they deem appropriate, services and products that are identical or similar to and/or competitive with those offered and sold by HEYDAY Shops, whether such services and products are identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet), and shipping and delivery methods and to any customer, no matter where located;

(3) to establish and operate, and to allow others (including franchisees and licensees) to establish and operate, anywhere (including inside or outside the Area of Protection) any business (whether or not operated at a set physical location) offering identical, similar, and/or competitive services and products under trademarks and service marks other than the Marks;

(4) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at HEYDAY Shops (even if such a business operates, franchises, or licenses Competitive Businesses (defined in Section 12 below)), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(5) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at HEYDAY Shops, or by another business, even if such business operates, franchises, or licenses Competitive Businesses inside or outside the Area of Protection; and

(6) to engage in all other activities this Agreement does not expressly prohibit.

## **E. Guaranty**

The Guarantors must fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising from our franchise relationship with you, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty attached as Exhibit B-1. "**Guarantors**" means each person (defined in Section 21.M below) holding at least a ten-percent (10%) ownership interest in you or in an entity directly or indirectly holding at least a ten-percent (10%) ownership interest in you. Each owner's name and his, her, or its percentage ownership interest in you are set forth in Exhibit C. Subject to our rights and your obligations in Section 16, you must notify us of any change in the information in Exhibit C within ten (10) days after the change occurs. Each owner not holding at least a ten-percent (10%) ownership interest in you, or in an entity directly or indirectly holding at least a ten-percent (10%) ownership interest in you, must sign an Owner's Undertaking of Non-Monetary Obligations, in the form attached as Exhibit B-2, undertaking to be bound personally by specific non-monetary provisions in this Agreement. We have the right to require that owners holding an aggregate of at least fifty percent (50%) of your issued and outstanding ownership interests execute the Guaranty.

## **F. Your Form and Structure**

As a corporation, limited liability company, or general, limited, or limited liability partnership (each, an "**Entity**"), you agree and represent that:

(1) You have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly exist in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, recite that this Agreement restricts the issuance and transfer of any direct or indirect ownership interests in you, and all certificates and other documents representing ownership interests in you will, at our request, bear a legend (the wording of which we may prescribe) referring to this Agreement's restrictions;

(3) Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, contain a provision requiring any dissenting or non-voting interest-holders to execute all documents necessary to effectuate any action that is properly authorized under the organizational documents, operating agreement, or partnership agreement, as applicable;

(4) Exhibit C to this Agreement completely and accurately describes all of your owners and their interests (direct or indirect) in you as of the Effective Date;

(5) Your (and your owners') execution and delivery of this Agreement and any related agreement with us (or our affiliates), and performance of your (and their) obligations under this Agreement and such other related agreements, (a) have not violated

and will not violate any other agreement or commitment to which you (or they) are a party or by which you (or they) are otherwise bound, and (b) have not violated and will not violate the rights of, or duties owed to, any third party; and

(6) You may not use any Mark (in whole or in part) in, or as part of, your legal business name or email address (unless we have provided you that email address) or use any name that is the same as or similar to, or an acronym or abbreviation of, the “HEYDAY Shop” name (although you may register the “assumed name” or “doing business as” name “HEYDAY Shop” in the jurisdictions where you are formed and qualify to do business).

You may not be a trust or other special-purpose vehicle without our prior written consent and first satisfying any conditions we specify.

### **G. Managing Owner**

Upon signing this Agreement, you must designate one of your individual owners holding at least a twenty-percent (20%) ownership interest in you to serve as your managing owner (the “**Managing Owner**”). Your initial Managing Owner, whom we have approved, is identified on Exhibit C. You must have an approved Managing Owner at all times during the Term. The Managing Owner always must meet the following qualifications and any other standards we set forth from time to time in the Operations Source or otherwise communicate to you:

(1) We must pre-approve any proposed change in the individual designated as the Managing Owner.

(2) The Managing Owner is responsible for the overall management of your Shop. The Managing Owner must have sufficient authority to make business decisions for you that are essential to the Shop’s effective and efficient operation. The Managing Owner must communicate directly with us regarding any Shop-related matters (excluding matters relating to labor relations and employment practices). Your Managing Owner’s decisions will be final and will bind you, we have the right to rely solely on the Managing Owner’s decisions without discussing the matter with another party, and we will not be liable for actions we take based on your Managing Owner’s decisions or actions.

(3) The Managing Owner must successfully complete Initial Training before you open the Shop to the public (although the Managing Owner must satisfactorily complete Initial Training only one time, regardless of the number of HEYDAY Shops that you or your affiliates own and operate). If the Managing Owner fails to complete Initial Training to our satisfaction, we have the right to terminate this Agreement.

(4) If you want or need to change the individual designated as the Managing Owner, you must appoint a new individual (the “**Replacement Managing Owner**”) for that role—in order to protect our brand—within thirty (30) days after the former Managing Owner no longer occupies that position. The Replacement Managing Owner must attend Initial Training within thirty (30) days after we approve the individual. You must pay our then-current Replacement Managing Owner training fee for each

Replacement Managing Owner attending Initial Training during the Term and also are responsible for the Replacement Managing Owner's compensation and TRE during such Initial Training. As used in this Agreement, "TRE" means travel-related expenses of our or your personnel, as applicable. In the case of our personnel, TRE includes coach or economy airfare, local transportation (including airport transfers), accommodations in a facility subject to our approval, meals, and a daily allowance (paid weekly) upon which we and you agree for reasonable miscellaneous expenses.

## **H. Operator**

You must designate an individual, who need not have an ownership interest in you, to be the Shop's operator (the "Operator"), although the Managing Owner also may serve as the Operator. The Operator always must meet the following qualifications and any other standards we set forth from time to time in the Operations Source or otherwise communicate to you:

(1) The Operator is responsible for the Shop's overall supervision, management, and operation on a day-to-day basis and must devote her or his full-time efforts to the Shop.

(2) The Operator must successfully complete Initial Training before you open the Shop to the public. If the Operator fails to complete Initial Training to our satisfaction, you must appoint another individual to serve as the Operator, and that individual must complete Initial Training to our satisfaction.

(3) If you want or need to change the individual designated as the Operator, you must appoint a new individual (the "Replacement Operator") for that role—in order to protect our brand—within thirty (30) days after the former Operator no longer occupies that position. The Replacement Operator must attend and satisfactorily complete our Initial Training within the timeframe we specify. You must pay our then-current Replacement Operator training fee for each Replacement Operator attending Initial Training during the Term and also are responsible for the Replacement Operator's compensation and TRE during training.

## **4. Shop Development Team, Site Selection, Lease, and Developing the Shop**

### **A. Shop Development Team**

You must hire (and contract directly with) our Shop Development Team (which may be us, one of our affiliates, or a designated third-party source) to provide certain real estate liaison and Shop design, construction, development, and other related project-site services (described in Sections 4.B, C, and D below) and pay the Shop Development Team directly a Fifty-Three Thousand Dollar (\$53,000) fee when you sign the Shop Opening Services Agreement, plus (when incurred) its actual TRE for all on-site visits during the Shop's site selection, design, construction, and development phases. The Shop Development Team will hire on your behalf outside service providers and vendors to perform the services and provide the goods encompassed within the design, construction, development, and related project-site services necessary to complete the Shop's construction and development, including design professionals,

engineers, architects, and general contractors. The Shop Development Team will give you the opportunity to review and approve all contracts (such approval not to be withheld or delayed unreasonably) and has the right to require you to sign some or all project-related contracts directly with the service provider or vendor. You are responsible for and must pay all fees due to all service providers and vendors and must establish and fund a segregated bank account for the Shop's project on the terms we reasonably require. Neither we nor the Shop Development Team is responsible for delays in constructing, equipping, or decorating the Shop or for any loss or damage to you or any third party resulting from the performance or alleged non-performance of the service providers and vendors.

## **B. Site Selection and Acceptance**

(1) If the Shop's address is unknown as of the Effective Date, this Section 4.B will govern the site selection and acceptance process. Within one-hundred-eighty (180) days after the Effective Date, but subject to the potential extensions described below in Section 4.C., you must locate, evaluate, select, and secure an acceptable site for the Shop within the non-exclusive geographical area described in Exhibit A (the "**Development Area**"). The timeframe during which you must do so (the "**Site Selection Period**") will expire upon the earliest of (a) our acceptance of the Shop's site and Lease and giving you an amended and restated Exhibit A, (b) this Agreement's termination, or (c) one-hundred-eighty (180) days after the Effective Date.

(2) We and our Shop Development Team will not search for or select the site for you. You are solely responsible for finding and selecting the Shop's site. We will give you our then-current criteria for HEYDAY Shop sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, ingress and egress, size, and other physical and commercial characteristics) to help you in the site-selection process.

(3) We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for HEYDAY Shops. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a HEYDAY Shop. We and our Shop Development Team will use reasonable efforts to review and accept (or not accept) a site you propose within twenty-one (21) days after receiving all requested information and materials. We and our Shop Development Team have the right (but no obligation) to visit the Development Area to review potential Shop sites you propose. You have no right to proceed with a site that we and our Shop Development Team have not accepted.

(4) Our or the Shop Development Team's recommendation and acceptance of a site indicates only (as described above) that we or it believes the site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites in the past for HEYDAY Shops. Applying criteria appearing effective with other sites might not accurately reflect the potential of all sites, and demographic or other factors included in or excluded from our criteria could change, altering a site's potential. The uncertainty and instability of these criteria are

beyond our control, and we and the Shop Development Team are not responsible if the particular site fails to meet your expectations. Once a proposed site is accepted and secured, we will list the accepted site's location as the Shop's address in Exhibit A.

As noted above, subject to the potential extensions described below in Section 4.C, if you do not find and secure an acceptable Shop site within one-hundred-eighty (180) days after the Effective Date, we have the right to terminate this Agreement upon written notice to you. In addition, notwithstanding anything to the contrary appearing in this Section 4, we have the right to terminate this Agreement if you reject a Shop site the location and physical and other characteristics of which, and the proposed commercial lease terms for which, our Franchise Real Estate Committee accepted after you submitted them for approval (a "Qualified Site").

(5) You may not relocate the Shop to a new site without our prior written consent, which we have the right to grant or deny as we deem best. We have the right to condition relocation approval on (a) the new site and its lease being acceptable to us, (b) your paying us a reasonable relocation fee (not to exceed Twenty-Five-Thousand Dollars (\$25,000)), (c) your reimbursing any costs we incur during the relocation process, (d) your confirming that this Agreement remains in effect and governs the Shop's operation at the new site with no change in the Term or, at our option, your signing our then-current form of franchise agreement to govern the Shop's operation at the new site for a new franchise term, (e) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (f) your continuing to operate the Shop at its original site until we authorize its closure, and (g) your taking within the timeframe we specify, and at your own expense, all action we require to de-brand and de-identify the Shop's former premises so it no longer is associated in any manner (in our opinion) with the Franchise System and the Marks.

### **C. Lease Negotiation and Acceptance**

(1) You must send us for written acceptance, which we and our Shop Development Team will not unreasonably withhold, any lease, sublease, or other document (the "**Lease**") that will govern your occupancy and lawful possession of the Shop's site you sign it. You have no right to sign any Lease that we and our Shop Development Team have not accepted in writing. We and our Shop Development Team have the right (but no obligation) to guide you in the leasing process but will not negotiate the Lease for you or provide any legal advice. You are solely responsible for negotiating the Lease. We and our Shop Development Team will use reasonable efforts to review and accept (or not accept) your proposed Lease within twenty-one (21) days after receiving all requested information and materials. Our or the Shop Development Team's review and acceptance of the Lease is not a guarantee or warranty, express or implied, of the Shop's success or profitability or of the Lease's suitability for your business purposes. Such acceptance indicates only that we and the Shop Development Team believe the Lease terms adequately protect our interests and/or the interests of other franchisees in the HEYDAY Shop system, to the extent those interests are implicated in the lease.

(2) A Lease must be signed by the end of the Site Selection Period. However, if you cannot sign a Lease by the end of the Site Selection Period despite your diligent efforts to do so, you may request (at no cost to you) two separate thirty (30)-day extensions to sign the Lease. We will not unreasonably deny your request if the reasons for each extension request demonstrate



your diligence in the site selection and leasing process. However, these extensions are not available if we exercise our right to terminate this Agreement because you reject a Qualified Site.

(3) After your Lease is executed, you must send us prior notice of any revisions to its terms, whether proposed by you or the landlord, and we or the Shop Development Team has the right to accept or reject those proposed revisions before they become effective.

#### **D. Development of Shop**

(1) You must immediately following the Effective Date begin to pursue diligently, and secure at least thirty (30) days before the anticipated Lease-signing date, all financing required to construct, develop, and open the Shop. In addition, within twelve (12) months following the Effective Date (except as otherwise provided in any Development Rights Agreement to which we and you (or your affiliate) are parties) (the “**Opening Deadline**”), but subject to the potential extensions described below in this Section, you must directly or working through us or the Shop Development Team (as applicable):

- (a) obtain all permits and licenses required to construct and operate the Shop;
- (b) construct the Shop and all required improvements to the site and decorate the Shop in compliance with our approved plans and specifications;
- (c) purchase or lease and install all required Operating Assets (defined below);
- (d) purchase an opening inventory of required, authorized, and approved products, materials, and supplies;
- (e) complete all required training; and
- (f) open your Shop for business in accordance with all requirements of this Agreement.

If you cannot open the Shop for business by the Opening Deadline despite your diligent efforts to do so, you may request a thirty (30)-day extension to open. We will not unreasonably deny your request if the reasons for your request demonstrate your diligence in the Shop-development and opening process. You may request no more than three (3) separate thirty (30)-day extensions on the same terms. However, no extension of the Opening Deadline is available if the Shop’s site is a site selected after you rejected a Qualified Site; rejection of a Qualified Site disqualifies you from any such extension.

(2) As noted in Section 4.A. above, we or the Shop Development Team will supervise or oversee the Shop’s design, construction, and development, although the Shop will be developed at your expense. You are responsible for and must pay all fees due to all service providers and vendors. The Shop’s design, construction, and development will follow our guidelines and mandatory specifications and layouts for a HEYDAY Shop (collectively, “**Plans**”), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. We or the Shop Development Team will

exercise reasonable efforts to ensure that the Plans reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations (collectively, “**Laws**”), including those arising under the Americans with Disabilities Act, and any Lease requirements or restrictions. You must inform us of any changes to the Shop’s specifications that you believe are necessary to comply with the Laws and Lease requirements and restrictions.

(3) We or the Shop Development Team will adapt the Plans for the Shop, using the outside service providers and vendors that we or it selects. We own the Plans.

(4) The Shop must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You agree to place or display at the Shop (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time. You agree to purchase or lease from time to time only approved brands, types, and models of Operating Assets according to our standards and specifications and, at our direction, only from one or more suppliers we designate or approve (which may include or be limited to us and/or certain of our affiliates). “**Operating Assets**” means all required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System (defined in Section 7.E)) we periodically require for the Shop.

#### **E. Opening**

Despite the Opening Deadline, you may not open the Shop for business until:

- (1) we or our designee approves the Shop in writing;
- (2) your Managing Owner and Operator have completed to our satisfaction the Initial Training described in Sections 6.A;
- (3) the Shop has sufficient trained employees to manage and operate the Shop on a day-to-day basis in compliance with Brand Standards;
- (4) the Shop’s employees have completed all required third-party certifications for the Shop’s lawful operation (including certifications required under Laws);
- (5) you have satisfied all state and federal permitting, licensing, and other legal requirements for the Shop’s lawful operation (including ensuring that the Shop’s membership offerings and forms of membership agreement comply with all Laws) and, upon our request, have sent us copies of all permits, licenses, and insurance policies required by this Agreement;
- (6) all amounts due to us, our affiliates, and principal suppliers have been paid; and
- (7) you are not in default under any agreement with us, our affiliates, or principal suppliers.

## 5. Fees

### A. **Initial Franchise Fee**

You must pay us a Sixty-Thousand Dollar (\$60,000) initial franchise fee (the “**Initial Franchise Fee**”) when you sign this Agreement. The Initial Franchise Fee is not refundable under any circumstances. No Initial Franchise Fee is due if you signed this Agreement pursuant to a Development Rights Agreement. This Agreement will not be effective, and you will have no franchise rights, until we receive the Initial Franchise Fee.

### B. **Royalty**

You agree to pay us, on or before Thursday of each calendar week (the “**Payment Day**”), a royalty (“**Royalty**”) equal to seven percent (7%) of the Shop’s Gross Revenue during the preceding calendar week. Each calendar week currently begins on Wednesday and ends on Tuesday, although upon notice to you we have the right to change the first and last days of each calendar week for Royalty (and other payment) calculation purposes. In this Agreement, “**Gross Revenue**” means the aggregate amount of all revenue and other consideration received from any source, including, without limitation, from selling memberships (both pre- and post-opening), services, products, and merchandise (regardless of when services are actually provided); other types of revenue you receive, including the proceeds of business interruption insurance; and (if barter is permitted by us) the value of services, products, and merchandise bartered in exchange for the Shop’s memberships, services, products, or merchandise.

All transactions must be entered into the Computer System (defined in Section 7.E below) at the full, standard retail price for purposes of calculating Gross Revenue. However, Gross Revenue excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) tips paid to your employees by customers; (iii) the value of promotional or marketing discounts offered to the public (with our prior approval); (iv) any commissions that we or our affiliate chooses to pay you on account of online/e-commerce sales; (v) proceeds from insurance, excluding business interruption insurance; and (vi) proceeds from any civil forfeiture, condemnation, or seizure by government entities. In addition, Gross Revenue is reduced by (1) the dollar value of any membership points redeemed by customers at the Shop and (2) the amount of any credits the Shop provides in accordance with the terms and conditions set forth in the Operations Source.

Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift/loyalty/stored-value/affinity “cards” and similar items we approve for offer and sale at HEYDAY Shops, whether maintained on an App, on another electronic medium, or in another form (together, “Loyalty Program Media”), is included in Gross Revenue when the Loyalty Program Media are used to pay for services and products (although we have the right to collect our fees due on that revenue when the Loyalty Program Media are acquired by the customer). Your Shop may not issue or redeem any coupons or Loyalty Program Media unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We have the right to grant or withhold our approval as we deem best.

### **C. Technology Fee**

You agree to pay us the Technology Fee we periodically specify, not to exceed two percent (2%) of the Shop's weekly Gross Revenue. Your Technology Fee is due and payable at the same time and in the same manner as the Royalty or in such other manner we periodically specify. The Technology Fee is (1) for technology products or services we determine to associate or utilize in connection with the System and (2) to cover all or certain portions of the corresponding costs. The Technology Fee currently covers ongoing licensing associated with internal/external communications, learning management platforms, recruiting platforms, operational-data analytics, and data input/storage.

### **D. Member Services Center Fee**

We have the right (but no obligation), directly or through a designated source (including an affiliate), to develop, implement, operate, maintain, and improve a member services center ("MSC") for the benefit of all HEYDAY Shops and which all HEYDAY Shops must use. The "MSC," which will have dedicated individual local phone numbers for each HEYDAY Shop location, will perform various services for HEYDAY Shops and their customers, including, but not limited to, scheduling appointments for facials and other services, handling customer inquiries, helping resolve customer complaints and concerns, and maintaining a customer database that provides management reports to franchisees. You must comply with our Brand Standards for participating in and using the MSC. We assume no direct or indirect liability or obligation to you with respect to the MSC's maintenance, direction, or administration. We have no obligation to ensure that any particular HEYDAY Shop benefits on a pro rata basis from the MSC. You are not a third-party beneficiary of the MSC. We have the right to discontinue operation of the MSC at any time in our sole judgment.

We have the right to charge you and other HEYDAY Shops (or cause HEYDAY Shops to be charged) an administrative fee, not to exceed two percent (2%) of the Shop's Gross Revenue, payable on a weekly, monthly, or other basis, to support the MSC's operation, including staffing, equipment, and technology (the "MSC Fee"). The purpose of the MSC Fee is to cover, and/or reimburse us or our designee for, the actual costs of operating the MSC. The MSC Fee is separate from the Royalty, Brand Fund contribution (defined in Section 13.B below), Technology Fee, and other fees and charges due under this Agreement. While we or our designee may control use of the MSC Fee, the MSC Fee will not be used to pay any of our general operating costs, except for salaries for MSC staff and other actual costs to administer and operate the MSC.

### **E. Payment Method and Timing**

You agree to authorize us to debit your business checking or other account automatically for the Royalty, Technology Fee, Brand Fund contribution, Ongoing Marketing Investment fee, MSC Fee, and other amounts due under this Agreement and any related agreement between us (or our affiliates) and you. We will debit your account on or after the Payment Day for the Royalty, Technology Fee, Brand Fund contribution, Ongoing Marketing Investment fee, MSC Fee, and other amounts due. Funds must be available in the account by the Payment Day for withdrawal by electronic transfer. You must reimburse any "insufficient funds" charges and

related expenses we incur due to your failure to maintain sufficient funds in your bank account. You may not close this account without first establishing, and notifying us of, a new account that we are authorized to debit as provided in this Section.

We have the right, at our sole option upon notice to you, to change from time to time the timing and terms for payment of Royalties, Technology Fees, Brand Fund contributions, Ongoing Marketing Investment fees, MSC Fees, and other amounts due to us under this Agreement. You may not subordinate to any other obligation your obligation to pay us Royalties, Technology Fees, Brand Fund contributions, MSC Fees, or any other amount due under this Agreement.

#### **F. Administrative Fee and Interest on Late Payments**

In addition to our other remedies, including, without limitation, the right to terminate this Agreement under Section 18, if you fail to pay (or make available for withdrawal from your account) when due any amounts you owe us or our affiliates relating to this Agreement or the Shop, those amounts will bear interest, accruing as of their original due dates, at one-and-one-half percent (1.5%) per month or the highest commercial contract interest rate the Law allows, whichever is less. In addition, you must pay us a One-Hundred Dollar (\$100) administrative fee for each payment not made to us or our affiliate when due (or for each dishonored payment) to cover the increased costs and expenses incurred due to your failure to pay the amounts when due.

#### **G. Application of Payments and Right of Set-Off**

Notwithstanding any designation you make, we have the right to apply any of your payments (whether automatically debited or otherwise) to any of your past due indebtedness to us or our affiliates relating to this Agreement or the Shop. We have the right to set off any amounts you or your owners owe us or our affiliates against any amounts that we or our affiliates owe you or your owners, whether in connection with this Agreement or otherwise.

#### **H. Annual Increase in Fixed Fees and Amounts**

We reserve the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under this Agreement based on changes in the Index (defined below) (“**Annual Increase**”). An Annual Increase to such fees, payments, and amounts may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the Effective Date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made during the same month during each calendar year. “Index” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items (1982–1984=100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. Notwithstanding this Section, if any fixed fee, payment, or amount due under this Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party), we also reserve the right to increase the fixed fee, fixed payment, or fixed amount beyond the Annual Increase to reflect increases in the third party’s charges to us.

## **6. Training, Guidance, and Assistance**

### **A. Initial Training**

Before you commence operating the Shop, we will furnish without additional charge, at a designated training location of our choice (which may be our corporate headquarters, an operating HEYDAY Shop, and/or your Shop) and/or through video and other electronic means, an initial training program (“**Initial Training**”) on operating a HEYDAY Shop for two (2) people, including your Managing Owner and Operator (although your Managing Owner must satisfactorily complete Initial Training only one time, regardless of the number of HEYDAY Shops that you or your affiliates own and operate). We have the right to charge our then-current training fee for each additional person you desire to send to Initial Training (in addition to your Managing Owner and Operator). Initial Training, which will last for the timeframe we specify, focuses on our philosophy, Brand Standards, and the material aspects of operating a HEYDAY Shop, excluding aspects relating to labor relations and employment practices.

Before we will allow you to open the Shop to the public, your Managing Owner and Operator (at least two (2) people) must complete Initial Training to our satisfaction and pass applicable operations and proficiency tests. Our training program may include a “train the trainer” module so that your senior-level personnel can learn how to train your other employees to follow our Brand Standards. The Shop always must have on staff at least two (2) fully-trained individuals (including the Operator).

You are responsible for paying all wages, benefits, and TRE while your personnel attend training. We will give you information about the number of hours your employees are actively involved in classroom and in-Shop training, and you are responsible for evaluating any other information you believe you need to ensure your employees are accurately paid during training. You also are responsible for maintaining workers’ compensation insurance over your employees during training and must send us proof of that insurance at the outset of the training program.

### **B. Retraining**

If your Managing Owner or Operator fails to complete Initial Training to our satisfaction, or we determine after an inspection that retraining is necessary because the Shop is not operating according to Brand Standards, he or she may attend a retraining session for which we have the right to charge our then-current training fee. You are responsible for all compensation and TRE during retraining. We have the right to terminate this Agreement if the Managing Owner does not complete Initial Training (or retraining) to our satisfaction or the Shop does not commence operation by the Opening Deadline with a fully-trained staff. The Initial Franchise Fee is not refundable under any circumstances.

You may request additional or repeat training for your Managing Owner, the Operator, and others at the end of Initial Training if they do not feel sufficiently trained to operate a HEYDAY Shop. We and you will jointly determine the duration of any additional training, which is subject to our personnel’s availability. You must pay our then-current training fee for additional or repeat training. However, if you do not expressly inform us that your Managing

Owner, the Operator, or others do not feel sufficiently trained to operate a HEYDAY Shop, they will be deemed to have been trained sufficiently to operate a HEYDAY Shop.

### **C. Pre-Opening Hands-On Training and Support**

We will send one operations and one skincare trainer to your Shop to facilitate and oversee the training and certification of your employees on our philosophy and Brand Standards. We expect the trainers to be present at the Shop for a total of eight (8) to twelve (12) days (as we determine) beginning approximately two (2) weeks before the Shop opens. You are solely responsible for all costs of training your front-of-house employees and estheticians, including their wages and travel, lodging, and dining expenses. You must pay us a nonrefundable Ten Thousand Dollar (\$10,000) fee for this pre-opening on-site training (which includes our providing printed training materials and essential Shop resources), plus all TRE for our trainers. You must pay us these amounts within thirty (30) days after the Shop opens. If you request, and we agree to provide, additional or special guidance, assistance, or training beyond the number of days we originally schedule, you must pay our personnel's daily charges (including wages) and TRE. We have the right to delay the Shop's opening until all required training has been satisfactorily completed.

### **D. Ongoing and Supplemental Training/Convention**

We have the right to require your Managing Owner and Operator to attend and complete satisfactorily various training courses and programs offered periodically during the Term by us or third parties at the times and locations we designate. You are responsible for their compensation and TRE during their attendance. We have the right to charge our then-current fee for continuing and advanced training. If you request any training courses and programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and our training personnel's TRE.

Besides attending and/or participating in various training courses and programs, at least one of your representatives (including your Managing Owner or another designated representative we approve) must at our request (in our sole discretion) attend an annual meeting of all HEYDAY Shop franchisees, "town-hall" events, and monthly or other periodic calls with the Shop's franchise business consultant, all at locations we designate. You must pay all TRE to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance).

### **E. Training For Replacement Managing Owner and Operator**

If your business relationship with the Managing Owner or Operator ends for any reason, or you become aware that the Managing Owner or Operator intends to leave his or her position, you must immediately seek a replacement for the Managing Owner or Operator, as provided in Sections 3.G and 3.H above, and the replacement must satisfactorily complete Initial Training for his or her position. You must pay our then-current training fee for all replacement Managing Owners and Operators engaged or hired during the Term and also are responsible for their compensation and TRE during training.

## **F. Training for Shop Employees**

Your Operator must properly train all Shop employees to perform the tasks required of their positions. We may develop and make available training tools and recommendations for you to use in training the Shop's employees to comply with Brand Standards. We may update these training materials periodically to reflect changes in our training methods and procedures and changes in Brand Standards.

We have the right periodically and without prior notice to review the Shop's performance to determine if the Shop meets Brand Standards. If we determine that the Shop is not operating according to Brand Standards and that your Operator is not qualified to retrain one or more Shop employees, we have the right, in addition to our other rights under this Agreement, to require the Shop's managers to complete Initial Training to our satisfaction. We have the right to charge our then-current training fee. You are responsible for all compensation and TRE of your personnel.

## **G. Training Cancellation Fee**

If your Managing Owner, Operator, or other training attendee cancels participation in any training class or program for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than two (2) weeks before the class or program is scheduled to begin, we will apply one-half (½) of the training fee as a credit toward the fees due for a future training class or program that your Managing Owner, Operator, or other training attendee attends. However, if participation is cancelled two (2) weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees due. If your Managing Owner, Operator, or other training attendee cancels participation in any training class that is part of the initial training we provide for no additional fee after granting the Franchise to you, you must pay us a cancellation fee. The cancellation fee is one-half (½) of our then-applicable training fee per person (depending on which class or program is involved) if the person cancels more than two (2) weeks before the class or program is scheduled to begin. The cancellation fee is one hundred percent (100%) of our then-applicable training fee per person (depending on which class or program is involved) if the person cancels two (2) weeks or less before the class or program is scheduled to begin. This fee is due immediately and is not refundable.

## **H. General Guidance and the Operations Source**

We periodically will advise you or make recommendations regarding the Shop's operation with respect to:

- (1) standards, specifications, operating procedures, and methods that HEYDAY Shops use;
- (2) purchasing required or recommended Operating Assets and other products, services, supplies, and materials;
- (3) supervisory-employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Shop employees); and



- (4) accounting, advertising, and marketing.

We may guide you through our various operations and technical source materials, bulletins, and other materials (collectively, “**Operations Source**”), by electronic media, by telephone consultation, and/or at our office or the Shop. If you request and we agree to provide, or we determine that you need, additional or special guidance, assistance, or training, you agree to pay our then-applicable charges, including reasonable training fees and our personnel’s daily charges and TRE. Any specific ongoing training, conventions, advice, or assistance we provide does not obligate us to continue providing such training, conventions, advice, or assistance, all of which we have the right to discontinue and modify at any time.

We will give you online access to our Operations Source through the System Website (defined in Section 13.F below). Any passwords or digital identifications necessary to access the Operations Source are considered part of Confidential Information. The Operations Source may consist of and is defined to include audio, video, computer software, and other electronic and digital media. The Operations Source contains mandatory and suggested specifications, standards, operating procedures, and rules we periodically issue for developing and operating a HEYDAY Shop (“**Brand Standards**”) and information on your other obligations under this Agreement. We have the right to modify the Operations Source periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under this Agreement.

You agree to keep current your copy of the Operations Source (if any materials are delivered in hardcopy) and timely communicate all updates to your employees. You must periodically monitor the System Website and our other communications periodically for updates to the Operations Source or Brand Standards. You agree to keep secure all parts of the Operations Source and to restrict access to any passwords for accessing the Operations Source. If there is a dispute over its contents, our master version of the Operations Source controls. You agree that the Operations Source’s contents are confidential and not to disclose any part of the Operations Source to any person other than Shop employees and others needing access in order to perform their duties, but only if they agree to maintain its confidentiality by signing a form of confidentiality agreement. We have the right to pre-approve the form used (an acceptable sample of which is attached as Exhibit E). You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Source without our permission.

While we have the right to pre-approve the form of confidentiality agreement you use with Shop employees and others having access to our Confidential Information in order to protect that Confidential Information, under no circumstances will we control the forms or terms of employment agreements you use with Shop employees or otherwise be responsible for your labor relations.

In addition, Brand Standards do not include any personnel policies or procedures, or any Shop security-related policies or procedures, we choose to make available to you in the Operations Source or otherwise for your optional use. You will determine to what extent, if any, these optional policies and procedures might apply to your Shop’s operation. You and we agree that we do not dictate or control labor or employment matters for franchisees and HEYDAY Shop employees. You are solely responsible for obtaining, installing, and maintaining the

security and safety procedures, measures, devices, and systems reasonably necessary to protect employees, the public, guests, and customers of your Shop from foreseeable harm during and after business hours.

## **I. Delegation**

We have the right from time to time to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether they are our affiliates, agents, or independent contractors with which we contract to perform such obligations.

## **7. Shop Operation and Brand Standards**

### **A. Condition and Appearance of Shop**

(1) You may not use, or allow another to use, any part of the Shop for any purpose other than operating a HEYDAY Shop in compliance with this Agreement. You must place or display at the Shop (interior and exterior), according to our guidelines, only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials we periodically specify. You agree to maintain the condition and appearance of the Shop, the site, and the Operating Assets in accordance with Brand Standards. Without limiting that obligation, you must take the following actions during the Term at your own expense: (a) thorough cleaning, repainting, and redecorating of the Shop's interior and exterior at intervals and within the timeframe we periodically specify and at our direction; (b) interior and exterior repair of the Shop and the site as needed within the timeframe we specify; and (c) repair or replacement, at our direction, of damaged, worn-out, unsafe, non-functioning, or obsolete Operating Assets at intervals and within the timeframe we periodically specify (or, if we do not specify an interval for replacing an Operating Asset, as that Operating Asset must be replaced in order to provide the services required to be sold by HEYDAY Shops).

(2) In addition to your obligations in clauses (a) through (c), we periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Shop and/or incur higher operating costs. You agree to implement any changes in mandatory Brand Standards within the time period we request, whether they involve refurbishing, renovating, remodeling, or other structural changes to the Shop to then-current requirements and then-current Brand Standards for new HEYDAY Shops, acquiring and implementing new branding elements, buying new or additional Operating Assets, adding new services or products, or otherwise modifying the nature of the Shop's operations, as if they were part of this Agreement on the Effective Date, even if any required additional capital investment in the Shop at that time (in compliance with Brand Standards) cannot be amortized over the remaining portion of the Term. Within thirty (30) days after receiving written notice from us, you must prepare plans according to our standards and specifications and, if we require, using architects and contractors we designate or approve, and you must submit those plans to us for written approval. You agree to complete all work according to the plans we approve within the time period we reasonably specify and in accordance with this Agreement.

(3) We also may from time to time require you to participate in certain test programs and consumer surveys for new services, products, and/or Operating Assets. This could obligate you to spend money for new Operating Assets and to incur other operating costs for the Shop. While we need not reimburse those costs, we will not require you to spend unreasonable amounts to participate in test programs and consumer surveys. Alternatively, we have the right to use the Brand Fund to pay for these costs. You agree to maintain and timely send us any records and reports we require related to the test programs. We may discontinue any test programs before their scheduled completion dates and choose not to implement any changes to the Franchise System.

## **B. Compliance with Applicable Laws and Good Business Practices**

You must secure and maintain all licenses, permits, and certificates required for the Shop's operation and operate the Shop in full compliance with all Laws, including government regulations relating to the provision of skincare services, occupational hazards, advertising, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of federal and state income taxes, social-security taxes, and sales and service taxes. Your advertising and promotion must be completely factual. The Shop must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You may not engage in any practice that could injure our business or the goodwill associated with the Marks, the Franchise System, and other HEYDAY Shops. You must notify us in writing immediately if (1) any legal charge is asserted against you or the Shop (even if there is no formal proceeding), (2) any action, suit, or proceeding is commenced against you or the Shop, (3) you receive any report, citation, or notice regarding the Shop's failure to comply with any licensing, health, cleanliness, or safety Law or standard, or (4) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against you, your owners, or the Shop.

## **C. Compliance with Brand Standards**

You agree to comply with all Brand Standards, as we periodically modify them, as if they were part of this Agreement. You may not offer, sell, or provide at or from the Shop any services or products that are not authorized in the Operations Source. You must offer, sell, and provide all services and products we prescribe from time to time. We have the right to change such services and products from time to time and from market to market based on numerous considerations. Brand Standards may direct any aspect of the Shop's operation and maintenance that is material to the goodwill associated with the Marks, the Franchise System, and HEYDAY Shops. While we maintain the right to issue and modify Brand Standards, you alone exercise day-to-day control over the Shop's operation and remain solely responsible for compliance with Brand Standards, which may include any one or more of the following:

(1) required and/or authorized services and products; unauthorized and prohibited services and products (which the Shop is not allowed to offer and sell under any circumstances); and inventory requirements so the Shop may operate at full capacity. We always have the right to approve or disapprove in advance all items and services to be used at or sold by the Shop, and the Shop must comply with our directions. We have the

right to withdraw our approval of previously-authorized services and products upon notice to you based on what we think is best for HEYDAY Shops;

(2) the methods and procedures for providing facial treatments, enhancements, and other required or authorized services to customers;

(3) standards, procedures, and requirements for reciprocity programs, transferring memberships, changing membership programs, and other programs designed to enhance member satisfaction with HEYDAY Shops, including revenue-sharing, cost-sharing, and pricing-adjustment requirements for these programs;

(4) sales, marketing, advertising, and promotional programs and the materials and media used in those programs, including participating in and complying with the requirements of any special advertising, marketing, and promotional programs we periodically specify;

(5) adequate staffing levels to operate the Shop in compliance with Brand Standards, appearance of Shop personnel, conducting criminal background checks and due diligence on the Shop's employees (although you alone will review the results and make employment decisions on the basis of those results), and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Shop employees are exclusively under your control at the Shop. You must communicate clearly with Shop employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of HEYDAY Shops, and our affiliates are not their employer or joint employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all Shop employees that you (and not we or our affiliates) are their employer;

(6) standards, procedures, and requirements for participating in and using the MSC (if implemented) and responding to customer complaints, including promptly reimbursing our costs if we resolve a customer complaint because you fail to do so as or when required;

(7) price advertising policies and maximum, minimum, or other pricing requirements for services and products the Shop sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all HEYDAY Shops must participate, in each case to the maximum extent the Law allows;

(8) standards and recommendations for training your Shop's supervisory personnel to follow Brand Standards;

- (9) use and display of the Marks at the Shop and on products and supplies;
- (10) quality-assurance, safety-audit, guest-satisfaction, “mystery-shop,” consumer-survey, and similar programs, including your using and paying directly (or reimbursing us for) our designated third-party service providers;
- (11) minimum days and hours of operation, which may vary depending on the Shop’s location, although we have the right to require your Shop to be open seven (7) days a week and at least eighty (80) hours per week;
- (12) use of various electronic, cloud-based, digital, and other payment systems (including cryptocurrency);
- (13) use of mobile or digital ordering and Franchise System applications and other digital channels (“Apps”) for which we or a third-party provider has the right to charge fees;
- (14) issuing and honoring/redeeming Loyalty Program Media and administering customer loyalty/affinity and similar programs. You must participate in, and comply with the requirements of, our Loyalty Program Media and customer loyalty/affinity programs (which will include accepting membership points and credits as payment from customers and paying us transaction-processing fees or merchant-services fees or otherwise reimbursing our or a third-party’s costs for transactions through our Loyalty Program Media and customer loyalty/affinity programs). We have the right to draft from your bank account all monies paid to you for Loyalty Program Media and similar customer loyalty initiatives and hold those monies until the Loyalty Program Media and similar customer loyalty initiatives are redeemed at your Shop (or another HEYDAY Shop). However, we have the right to keep any prepaid amounts that are not used by customers to the extent allowed by Law. We have no obligation to reimburse you for any costs you incur in participating in our Loyalty Program Media, including for providing services or products to customers without compensation;
- (15) standards, platforms, and procedures for (a) communications among you, us, and other franchisees, (b) accessing and using various aspects of the System Website (including an intranet), (c) using blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, file, audio, and video-sharing sites, and other similar social-networking media or tools (collectively, “**Social Media**”) that in any way reference the Marks or involve the Shop, and (d) using the Marks as part of any domain name, homepage, electronic address, metatag, or otherwise in connection with any website or other online presence, including on or through Social Media and display ads (collectively, “**Digital Marketing**”) (except to the extent our standards or procedures are prohibited under Law);
- (16) communicating with the Shop’s customers only through branded mobile Apps, branded email domains, online brand-reputation-management sites, or other channels we expressly designate and only for purposes related to the Shop’s operation;

(17) participation in one or more franchise advisory councils we establish for the Franchise System; and

(18) any other aspects of operating and maintaining the Shop that we determine are useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and HEYDAY Shops.

Brand Standards will not include any employment-related policies or procedures or dictate or regulate the employment terms and conditions for the Shop's employees. Any information we provide (in the Operations Source or otherwise) concerning employment-related policies or procedures, or relating to employment terms and conditions for Shop employees, is only a recommendation, and not a requirement, for your optional use.

As described in Section 7.A above, we have the right periodically to modify and supplement Brand Standards, which may require you to invest additional capital in the Shop and incur higher operating costs. Those Brand Standards will constitute legally-binding obligations on you when we communicate them. Although we retain the right to establish and modify periodically the Brand Standards you have agreed to follow, you retain complete responsibility and authority for the Shop's management and operation and for implementing and maintaining Brand Standards at the Shop.

Operating the Shop in full compliance with this Agreement and Brand Standards is extremely important. Your deviation from any contractual requirement, including any Brand Standard, is a violation of this Agreement and will trigger incalculable administrative and management costs for us to address the violation (separate and apart from any damages your violation might cause to the Franchise System, our business opportunities, or the goodwill associated with the Marks). Therefore, you agree to compensate us for our incalculable administrative and management costs by paying us Two-Hundred-Fifty Dollars (\$250) for each deviation from a contractual requirement, including any Brand Standard, cited by us (**the "Non-Compliance Fee"**). However, if we discover that same (or a substantially similar) deviation on one or more consecutive, subsequent visits to or inspections of the Shop, the Non-Compliance Fee will, at our option, be Five-Hundred Dollars (\$500) for the first repeat deviation and One-Thousand Dollars (\$1,000) for the second and each subsequent repeat deviation. (The Non-Compliance Fee does not apply to payment defaults for which we have the right to charge late fees and interest under Section 5.F above.) We and you deem the Non-Compliance Fee to be a reasonable estimate of our administrative and management costs and not a penalty. We have the right to debit your bank account for Non-Compliance Fees or set off monies otherwise due and payable to you to cover the payment of Non-Compliance Fees. We must receive the Non-Compliance Fee within five (5) days after we notify you that we are charging it due to your violation. We need not give you a cure opportunity before charging the Non-Compliance Fee. Charging the Non-Compliance Fee does not prevent us from seeking to recover damages to the Franchise System, our business opportunities, or the goodwill associated with the Marks due to your violation, seeking injunctive relief to restrain any subsequent or continuing violation, and/or formally defaulting you and terminating this Agreement under Section 18.B.

#### **D. Approved Services, Products, and Suppliers**

(1) We have the right periodically to designate and approve Brand Standards, manufacturers, suppliers, and/or distributors for the Operating Assets, services, and products we periodically authorize HEYDAY Shops to use or sell. You must purchase or lease all Operating Assets, services, and products you use or sell at the Shop only according to Brand Standards and, if we require, only from manufacturers, suppliers, or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources). We and/or our affiliates may derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all HEYDAY Shops on account of those suppliers' prospective or actual dealings with your Shop and other HEYDAY Shops. That revenue may or may not be related to services we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates may retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

(2) If you want to purchase or lease any Operating Assets, products, or services from a supplier or distributor we have not then approved (if we require you to buy or lease the asset, product, or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the quality and functionality of the item or service are equivalent to those of the item or service it replaces and that the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product-liability claims. You must pay upon request any actual expenses and TRE we incur to determine whether or not the items, services, suppliers, or distributors meet our requirements and specifications.

(3) We have the right to condition our written approval of a supplier or distributor on requirements relating to product quality and safety; third-party lab-testing; prices; consistency; warranty; supply-chain reliability and integrity; financial stability; customer relations; frequency, economy, and efficiency of delivery; concentration of purchases; standards of service (including prompt attention to complaints); and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items either directly to us or to any third party we designate for testing. If we approve a supplier or distributor you recommend, you agree that we have the right to allow other HEYDAY Shops to purchase or lease the Operating Assets or other products or services from those suppliers or distributors without limitation and without compensation to you.

(4) Despite the foregoing, we have the right to limit the number of approved suppliers and distributors with which you may deal, designate sources you must use, and refuse any of your requests for any reason, including, without limitation, because we have already designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or believe that doing so is in the best interests of HEYDAY Shops. It might be disadvantageous from a cost and service basis to have more than one supplier in a given market area, and that we have the right to consider the impact of any supplier approval on our and our franchisees' ability

to obtain the lowest distribution costs and best service. However, we make no guaranty, warranty, or promise that we will obtain the best pricing or most advantageous terms for HEYDAY Shops. We also do not guaranty the performance of suppliers and distributors to HEYDAY Shops. We are not responsible or liable if the products or services provided by a supplier or distributor fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We have the right (without liability) to consult with your suppliers about the status of your account with them and to advise your suppliers and others with whom you, we, our affiliates, and other franchisees deal that you are in default under any agreement with us or our affiliates (but only if we or our affiliate has notified you of such default).

#### **E. Computer System**

(1) You agree to obtain and use the computer hardware and software, point-of-sale system, computer-related accessories and peripheral equipment, tablets, smart phones, web-based scheduling, reservation, and payment systems, and on-line, digital, and App ordering systems we periodically specify (the “**Computer System**”). You must use the Computer System to access the System Website and to input and access information about your revenue and operations. The Computer System must operate continuously. We will have continuous, unlimited access to all information maintained on the Computer System (excluding matters relating to labor relations and employment practices) and to the content of any HEYDAY Shop e-mail accounts we provide you.

(2) We have the right periodically to modify the Computer System’s specifications and components. Our modification of Computer System specifications, and/or other technological developments or events, may require you to purchase, lease, or license new or modified computer components, software, and peripherals and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you must incur the costs to obtain the computer components, software, and peripherals comprising the Computer System (and additions and modifications) and required service or support. Within sixty (60) days after we deliver notice to you, you must obtain the Computer System components we designate and ensure that your Computer System, as modified, is functioning properly.

(3) We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement, liability waiver, and/or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically prescribe to regulate your use of, and our (or our affiliates’) and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you upfront and ongoing fees for any required or recommended proprietary software or technology we or our affiliates license to you (to the extent not covered by the Technology Fee) and for other Computer System maintenance and support services and programs provided during the Term.



(4) Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (a) acquiring, operating, maintaining, and upgrading the Computer System; (b) the manner in which your Computer System interfaces with our and any third party's computer system; (c) any and all consequences if the Computer System is not properly operated, maintained, and upgraded (though we are not responsible for any outages in our proprietary operating software); and (d) independently determining what is required for you to comply (and then complying) at all times with the most current version of the Payment Card Industry Data Security Standards, and with all Laws (including privacy laws) governing the use, disclosure, and protection of Consumer Data (defined in Section 10) and the Computer System, and validating compliance with those standards and Laws as may be periodically required. The Computer System must permit twenty-four (24) hours-per-day, seven (7) days-per-week electronic communications between you and us, including access to the Internet and System Website (but excluding matters relating to labor relations and employment practices).

## **F. Membership Agreements**

You must ensure that every membership agreement your Shop uses complies with all applicable Laws, including, without limitation, laws relating to billing, refunds, and cancellations. We will give you a sample of the form of on-line membership agreement we use, and which satisfies Brand Standards, for HEYDAY Shop customers. You must promptly review the membership agreement for compliance with all applicable Laws of the jurisdiction in which your Shop will operate and inform us whether any changes to our form membership agreement are necessary to comply with such applicable Laws. You may not begin offering memberships with that form membership agreement until you confirm that it complies with applicable Laws in the jurisdiction in which your Shop will operate or, if you inform us that changes are required, we have modified the form membership agreement to comply with applicable Laws. Your Shop's compliance with applicable Laws is solely your responsibility. You may not use (and must discontinue using) any membership agreements that violate applicable Laws. You must indemnify us under Section 20.E and compensate us for all other damages we incur as a result of your breach of this requirement.

## **8. Marks**

### **A. Ownership and Goodwill of Marks**

Your right to use the Marks is derived only from this Agreement and is limited to your operating the Shop according to this Agreement and all mandatory Brand Standards we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our (and our licensor's) rights in the Marks. Any use of the Marks relating to the Shop, and any goodwill that use establishes, are for our (and our licensor's) exclusive benefit. We (and our licensor) may take the action necessary to enforce all trademark-use obligations under this Agreement. This Agreement does not confer any goodwill or other interests in the Marks upon you, other than the right to operate the Shop according to this Agreement. All provisions in this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we periodically authorize you to use. You may not at any time during or after the Term

contest or assist any other person to contest the validity, or our (or our licensor's) ownership, of the Marks.

## **B. Limitations on Use of Marks**

You agree to use the Marks as the Shop's sole identification, subject to the notices of independent ownership we periodically designate. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you), (3) in selling any unauthorized services or products, (4) in connection with any Social Media and other Digital Marketing without our consent or, if applicable, without complying with our Brand Standards communicated to you, or (5) in any other manner we have not expressly authorized in writing. You may not use any Mark to advertise the transfer, sale, or other disposition of the Shop or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must give the notices of trademark and service mark registrations we periodically specify and obtain any fictitious- or assumed-name registrations that applicable Law requires. You may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction.

You must include a clear disclaimer in all of the Shop's employee-facing materials that you (and only you) are the employer of Shop employees and that we, as the franchisor of HEYDAY Shops, and our affiliates are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all Shop employees that you (and not we or our affiliates) are their employer.

## **C. Notification of Infringements and Claims**

You agree to notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and our licensor, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our licensor may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions we and our, and our licensor's, attorneys deem necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation, Patent and Trademark Office or other proceeding, or enforcement action or otherwise to protect and maintain our (and our licensor's) interests in the Marks.

#### **D. Discontinuance of Use of Marks**

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or to replace supplies for the Shop), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

#### **E. Indemnification for Use of Marks**

We agree to reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Source, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

### **9. Confidential Information**

We and our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable Law, relating to developing and operating HEYDAY Shops (the “**Confidential Information**”), which includes, but is not limited to:

- (1) information in the Operations Source and Brand Standards;
- (2) layouts, designs, and other Plans for HEYDAY Shops;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating HEYDAY Shops;
- (4) the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms, Apps, and Loyalty Program Media;
- (5) marketing research and promotional, marketing, and advertising programs for HEYDAY Shops;
- (6) strategic plans, including expansion strategies and targeted demographics;
- (7) knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that HEYDAY Shops use and sell;

- (8) knowledge of the operating results and financial performance of HEYDAY Shops other than the Shop;
- (9) customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;
- (10) all Data and other information generated by, or used or developed in, operating the Shop, including Consumer Data, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- (11) any other information we reasonably designate as confidential or proprietary.

You will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as we specify in operating the Shop during the Term according to Brand Standards and this Agreement's other terms and conditions. Using any Confidential Information in another business would constitute an unfair method of competition with us and our affiliates, suppliers, and franchisees. You agree that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you, your owners, and your employees agree, and you and they do agree:

(i) not to use any Confidential Information in another business or capacity and at all times to keep Confidential Information absolutely confidential, both during and after the Term (afterward for as long as the information is not generally known in the skincare or wellness industry);

(ii) not to make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

(iii) to adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to Shop personnel and others needing to know the Confidential Information in order to operate the Shop and using confidentiality and non-disclosure agreements with those having access to Confidential Information. (We have the right to pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of HEYDAY Shops. Under no circumstances will we control the forms or terms of employment agreements you use with Shop employees or otherwise be responsible for your labor relations or employment practices); and

(iv) not to sell, trade, or otherwise profit in any way from the Confidential Information (including by selling or assigning any Consumer Data or related information or Data), except during the Term using methods we have approved.

“Confidential Information” does not include information, knowledge, or know-how that lawfully is or becomes generally known in the skincare or wellness industry or that you knew from previous business experience before we gave you access to it (directly or indirectly). If we

include any matter in Confidential Information, anyone claiming it is not Confidential Information must prove that the exclusion in this paragraph applies.

## **10. Consumer Data and Shop Customer Lists**

(1) You must comply with our reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of customers (“**Consumer Data**”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. You must comply with all Laws governing the use, protection, and disclosure of Consumer Data.

(2) If there is a Data Security Incident at the Shop, you must notify us immediately after becoming aware of the actual or suspected occurrence, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the Data Security Incident in order to protect Consumer Data and the HEYDAY Shop brand (including giving us or our designee access to your Computer System, whether remotely or at the Shop). We (and our designated affiliates) have the right, but no obligation, to take any action or pursue any proceeding or litigation with respect to the Data Security Incident, control the direction and handling of such action, proceeding, or litigation, and control any remediation efforts.

“**Data Security Incident**” means any act that initiates either internally or from outside the Shop’s computers, point-of-sale terminals, and other technology or networked environment and violates the Law or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the Franchise System, HEYDAY Shops, or their Data or to view, copy, or use Consumer Data or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of Data; and changes to system hardware, firmware, or software characteristics without our knowledge, instruction, or consent.

If we determine that any Data Security Incident results from your failure to comply with this Agreement or any requirements for protecting the Computer System and Consumer Data, you must indemnify us under Section 20.E and compensate us for all other damages we incur as a result of your breach of this Agreement.

(3) You agree that we are the sole owners of the Shop’s membership/customer lists (“**Customer Lists**”), and you may not distribute the Customer Lists to any third party, in any form or manner, without our prior written consent. Despite our ownership of the Customer Lists, you may use the Customer Lists in connection with the Shop’s operation and as otherwise permissible under this Agreement. During the Term, we and our affiliates reserve the right to communicate with and provide notifications to members and other customers appearing on the Customer Lists and to use the Customer Lists for any business purpose we and they deem necessary or appropriate (to the extent allowed by applicable Law). Upon expiration (without a successor franchise) or termination of this Agreement, you and your affiliates may not use the Customer Lists in any form or manner.

## 11. Innovations

All ideas, concepts, techniques, or materials relating to a HEYDAY Shop, whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors (“**Innovations**”), must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any Innovation does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of and all related rights to that Innovation to us and agree to sign (and to cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Shop or otherwise without our prior written approval.

## 12. Exclusive Relationship

### A. **Restrictions.**

We granted you the rights under this Agreement in consideration of and reliance upon your and your owners’ agreement to deal exclusively with us with respect to the services and products that HEYDAY Shops offer and sell. You therefore agree that, during the Term, neither you, your owners, nor any members of your or their Immediate Families (defined below) will:

(1) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;

(2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(3) directly or indirectly loan any money or other thing of value, or guarantee any other person’s loan, to any Competitive Business or any owner, director, officer, manager, or employee of any Competitive Business, wherever located or operating;

(4) divert or attempt to divert any actual or potential business or customer of the Shop to a Competitive Business; or

(5) solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the Shop’s operation.

The term “**Competitive Business,**” as used in this Agreement, means any (a) business that sells or provides skincare services and retail skincare products, (b) business that provides massages or spa services, or (c) business granting franchises or licenses to others to operate the type of business described in clauses (a) and (b), other than a HEYDAY Shop operated under a franchise agreement with us.

The term “**Immediate Family**” includes the named individual, his or her spouse or domestic partner, and all children of the named individual or his or her spouse or domestic partner. You agree to obtain similar covenants from your officers, directors, and other supervisory personnel, to the extent permitted by applicable Law, to the extent their competitive activities would adversely affect your Shop or the HEYDAY Shop brand. We have the right to pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of HEYDAY Shops. Under no circumstances will we control the forms or terms of employment agreements you use with Shop employees or otherwise be responsible for your labor relations or employment practices.

## **B. Directives.**

If there is a dispute related to this Section 12 or Section 19.E, you and your owners direct any third party construing this Section or Section 19.E, including any court, arbitrator, mediator, master, or other party acting as trier-of-fact or law:

(1) To presume conclusively that the restrictions set forth in this Section and in Section 19.E are reasonable and necessary in order to protect (a) our legitimate business interests, including the interests of our other franchisees, (b) the confidentiality of Confidential Information, (c) the integrity of the Franchise System, (d) our investment in the Franchise System, (e) the investment of our other franchisees in their franchised Shops, and (f) the goodwill associated with the Franchise System;

(2) To presume conclusively that the restrictions set forth in this Section and in Section 19.E will not unduly burden your or your owners’ ability to earn a livelihood;

(3) To construe this Section and Section 19.E under the Laws governing distribution contracts between commercial entities in an arms-length transaction and not under Laws governing employment contracts; and

(4) To presume conclusively that any violation of the terms of this Section or Section 19.E was accompanied by the misappropriation and inevitable disclosure of Confidential Information and constitutes a deceptive and unfair trade practice and unfair competition.

## **13. Advertising and Marketing**

### **A. Market Introduction Program**

You must conduct a public relations and market introduction program for the Shop. We expect this program to begin approximately four (4) months before and to continue for approximately three (3) months after the Shop opens (although we have the right to specify a different timeframe). We will consult with you about the type of public relations and market introduction program that we believe is most suitable for your Shop’s market and will create and implement the program for you. You must spend at least Sixty-Five Thousand Dollars (\$65,000) on the market introduction program, which includes approximately Forty-Five Thousand Dollars (\$45,000) for production, local grass-roots efforts, and media placement (including pre-sales of memberships) and approximately Twenty-Thousand Dollars (\$20,000) for a public-relations

agency and our creation and implementation of the market introduction program for you. You must pay us, or at our direction, the Sixty-Five Thousand Dollars (\$65,000) at the times and in the installments we specify. The market introduction program will be implemented according to Brand Standards and our other requirements. We will spend the money dedicated for production, local grass-roots efforts, and media placement on your behalf in the Shop's market in compliance with the planned market introduction program.

## **B. Brand Fund**

(1) We have established a fund ("**Brand Fund**" or "**Fund**") for advertising, marketing, research and development, public relations, Social-Media management, lead-generation, and customer-relationship-management programs, materials, and activities, the purpose of which is to enhance, promote, and protect the HEYDAY Shop brand and Franchise System. You agree to contribute to the Brand Fund the amounts we periodically specify, not to exceed three percent (3%) of the Shop's weekly Gross Revenue. Your Brand Fund contribution is due and payable at the same time and in the same manner as the Royalty or in such other manner we periodically specify.

(2) We will direct all programs the Brand Fund finances, with sole control over and ownership of all creative and business aspects of the Fund's activities. The Brand Fund may pay for, among other things, creating, preparing, producing, and/or placing (in media and through other venues) video, audio, written, and other tangible materials, Social Media and other Digital Marketing, and premium samples and give-aways; creating, developing, maintaining, and administering one or more System Websites and other e-commerce strategies; creating and administering national, regional, multi-regional, local, and multi-local marketing, advertising, and lead-generation programs (which may include spending Brand Fund contributions in specific geographic markets or directing Brand Fund contributions to individual or groups of franchisees to spend on marketing, advertising, and lead-generation programs in their own markets); using advertising, public relations, and marketing agencies and other advisors to provide assistance (including paying retainer and management fees); establishing regional and national promotions (including contests) and partnerships and hiring spokespersons to promote the HEYDAY Shop brand; establishing on-line systems and other vehicles for centralized customer interaction; supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities; creating and implementing customer-satisfaction surveys; organizing and hosting franchisee conferences, conventions, and meetings; and supporting and hosting charitable or nonprofit events and community-based activities. The Brand Fund periodically may give you sample advertising, marketing, promotional, and lead-generation formats and materials (collectively, "**Marketing Materials**") at no cost. We may sell you multiple copies of Marketing Materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

(3) We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund's administrative costs; TRE of our personnel while they are on Brand Fund business; meeting costs; overhead



relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive, and any other costs or expenses we incur operating or as a consequence of the Fund.

(4) The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason.

(5) The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, invest any surplus for future use, and roll over unspent monies to the following year. We have the right to use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and share the statement electronically within sixty (60) days after our fiscal-year end or otherwise give you a copy of the statement upon reasonable request. We have the right (but no obligation) to have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate. We have the right to incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 13.B.

(6) The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of HEYDAY Shops, and enhance, promote, and protect the HEYDAY Shop brand and Franchise System. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all HEYDAY Shops, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by HEYDAY Shops operating in that geographic area or that any HEYDAY Shop benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. The Brand Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs (including the System Website) prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 13.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

(7) We have the right at any time to defer or reduce the Brand Fund contributions of any HEYDAY Shop franchisee and, upon thirty (30) days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (a) spend the remaining Fund balance on permitted programs and expenditures or (b) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in

proportion to their and our respective Brand Fund contributions during the preceding twelve (12) month period.

### **C. Ongoing Marketing Investment**

Beginning in the fourth (4<sup>th</sup>) month after your Shop opens for business and then during each successive calendar month through the eighteenth (18<sup>th</sup>) month after your Shop opens for business, you must pay us or our designated third-party agency or vendor, on or before the date each month we specify, a monthly marketing investment fee we periodically specify, which will be no less than Seven Thousand Dollars (\$7,000) per month but will not exceed Twenty Thousand Dollars (\$20,000) per month (“**Ongoing Marketing Investment**”), for the marketing activities and services we specify or approve to promote the Shop in its metropolitan statistical area. (This fee encompasses the cost of administrative services to conduct the marketing activities.) The Ongoing Marketing Investment is in addition to your required Brand Fund contributions under Section 13.B above and your Local Marketing Requirement under Section 13.D below.

Beginning in the nineteenth (19<sup>th</sup>) month after your Shop opens for business and then during each successive calendar month through the end of the Term, you must pay us or our designated third-party agency or vendor, on or before the date each month we specify, an Ongoing Marketing Investment fee we periodically specify, which will be no less than Five Thousand Dollars (\$5,000) per month but will not exceed Fifteen Thousand Dollars (\$15,000) per month, for the marketing activities and services we specify or approve to promote the Shop in its metropolitan statistical area. (This fee encompasses the cost of administrative services to conduct the marketing activities.)

Despite the Ongoing Marketing Investment ranges stated above, the Ongoing Marketing Investment is subject to increases as provided in Section 5.H above.

### **D. Local Marketing Requirement**

You must spend at least three percent (3%) of your Shop’s projected annual Gross Revenue (the “**Local Marketing Requirement**”) on approved marketing materials and programs for the Shop. You must prepare, or collaborate with us to prepare, a written local marketing plan (“**Marketing Plan**”) for the Local Marketing Requirement. We have the right to require you to spend a substantial portion, or even most, of the Local Marketing Requirement during a specific, limited timeframe during the year (for example, over a number of weeks or a few months). We have the right to determine which expenses count or do not count toward your Local Marketing Requirement. Generally, Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), and employee incentive programs do not count towards the Local Marketing Requirement. If you do not spend (or prove that you spent) the Local Marketing Requirement, we have the right to, among other rights, require you to contribute the shortfall to the Brand Fund. At our request, you must pay us the Local Marketing Requirement, which we will then spend for you in your market for the materials and activities described above.

You must comply with all requirements regarding the Marketing Plan, including using approved advertising and marketing materials, placing and purchasing advertising and marketing materials and media, participating in and using approved on-line social media networks and tools, and complying with all promotional recommendations and guidelines. Your Marketing Plan must follow our guidelines, which may include, among other things, requirements for or restrictions regarding the use of the Marks and notices of our Website's domain name in the manner we designate. We have the right to specify third parties that you must use to design and develop your local marketing and promotional materials. While you must pay those third parties for their services, those costs count toward satisfying the Local Marketing Requirement. You do not have the right to develop, maintain, or authorize any Website that mentions or describes you or your Shop or displays any Mark.

The marketing activities in which you engage will materially affect your Shop's success or lack of success. The Ongoing Marketing Investment and Local Marketing Requirement might not be sufficient for you to achieve your business objectives. Subject to the minimums above, you are responsible to determine how much to spend on Marketing Materials and other approved advertising, marketing, and promotional programs for the Shop in order to achieve your business objectives. While we require to spend the minimums described in this Section 13, you have the right to spend more if necessary to achieve your business objectives.

We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. We do not authorize you to utilize other distribution channels, including catalog sales, telemarketing, or other direct marketing, for any purpose except as we approve and through our websites, domain names, applications, and other communications methods. We will control all social media channels and review sites.

#### **E. Approval of Marketing and Other External Communications**

All advertising, promotion, lead-generation, marketing, and public relations activities you conduct and Marketing Materials you prepare must not be misleading, must conform to the policies set forth in the Operations Source or that we otherwise prescribe from time to time, and must comply with all Laws. To protect the goodwill that we and certain of our affiliates have accumulated in the "HEYDAY Shop" name and other Marks, you must send us, at least thirty (30) days before you intend to use them, samples or proofs of (1) all Marketing Materials we have not prepared or already approved, and (2) all Marketing Materials we have prepared or already approved which you propose to change in any way. However, you need not send us any Marketing Materials in which you have simply completed the missing Shop-specific information based on templates we sent you. If we do not approve your Marketing Materials in writing within thirty (30) days after we actually receive them, they will be deemed disapproved for use. While we will not unreasonably withhold our approval, you may not use any Marketing Materials we have not approved or have disapproved. We reserve the right upon thirty (30) days' prior written notice to require you to discontinue using any previously-approved Marketing Materials.

## **F. Regional Advertising Cooperatives**

If we believe that two or more HEYDAY Shops in a particular market would in our opinion benefit by pooling their advertising dollars, we have the right to designate a geographic area for an advertising cooperative (a “**Cooperative**”). The Cooperative’s members in any area are the owners of all HEYDAY Shops located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. We have the exclusive right to create and amend the Cooperative’s governing documents or require you to do so. While we have the right to allow a Cooperative to determine by majority vote (with each HEYDAY Shop—including our company and affiliate-owned Shops—entitled to one vote) the amount of required contributions, those contributions will not exceed any HEYDAY Shop’s Local Marketing Requirement.

We have the right to change, dissolve, and merge Cooperatives. Each Cooperative’s purpose is, with our approval, for each HEYDAY Shop in the Cooperative’s area to pool all or part of its Local Marketing Requirements in order to administer advertising, marketing, promotional, lead-generation, and other programs and develop Marketing Materials for the Cooperative’s area. If, as of the Effective Date, we have established a Cooperative for the geographic area in which the Shop is located, or if we establish a Cooperative in that area during the Term, you automatically will become a member of the Cooperative and then must participate as its governing documents require.

All of the Cooperative dues you contribute will count toward the Local Marketing Requirement under Section 13.D but will not affect your market introduction program obligations under Section 13.A or be credited toward your required Brand Fund contributions or Ongoing Marketing Investment under Sections 13.B and 13.C, respectively.

## **G. System Website**

(1) We or our designees may establish a website or series of websites (with or without restricted access) for the HEYDAY Shop network: (a) to advertise, market, identify, and promote HEYDAY Shops, the services and products they offer, and/or the HEYDAY Shop franchise opportunity; (b) to help us operate the HEYDAY Shop network; and/or (c) for any other purposes we deem appropriate for HEYDAY Shops or other business activities in which we engage (collectively, the “**System Website**”). You will not receive a separate interior webpage or “micro-site” referencing your Shop. We will own all intellectual property and other rights in the System Website and all information it contains, including domain names or URL, the log of “hits” by visitors, any personal or business data visitors supply, and all information relating to the Shop’s customers (collectively, the “**Data**”).

(2) We will control and may use Brand Fund contributions to develop, maintain, operate, update, and market the System Website. You must pay our then-current monthly or other fee to participate in the various aspects of the System Website or as we otherwise require to maintain and operate the System Website’s various features and functions (if, or to the extent, the Brand Fund does not pay for these costs). We have final approval rights over all information on the System Website. We have the right to implement and periodically modify Brand Standards for the System Website.

(3) We will allow you to participate in the System Website only while you are in substantial compliance with this Agreement and all Brand Standards (including those for the System Website). If you are in material default of any obligation under this Agreement or Brand Standards, we have the right, in addition to our other remedies, to suspend temporarily your participation in the System Website until you fully cure the default. We will permanently terminate your access to and participation in the System Website upon this Agreement's expiration or termination.

(4) All Marketing Materials you develop for the Shop must comply with Brand Standards and contain notices of the System Website's URL in the manner we periodically designate. You may not develop, maintain, or authorize any Social Media or other Digital Marketing mentioning or describing the Shop or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Social Media and other Digital Marketing. Except for the System Website and approved Social Media, other Digital Marketing, and Apps, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Social Media or other Digital Marketing.

(5) Nothing in this Section limits our right to maintain websites other than the System Website or to offer and sell services and products under the Marks from the System Website, another website, or otherwise over the Internet without payment or any other obligation to you.

#### **14. Records, Reports, and Financial Statements**

In order to ensure consistency and reliability with respect to your various financial-reporting obligations to us, you must establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting methods and chart of accounts) we prescribe from time to time. The Shop must use our designated bookkeeping/accounting system (whether or not proprietary to us or our affiliates). The records and information contained in any bookkeeping, accounting, and recordkeeping system we require will not include any records or information relating to the Shop's employees, as you control exclusively your labor relations and employment practices. We will have independent, unlimited access and retrieval rights to the financial, sales, inventory, and other business-performance information and tools maintained on your Computer System (including Consumer Data but excluding employee records, as you control exclusively your labor relations and employment practices). To the extent we do not access this information directly from the Computer System, you must give us:

- (1) on or before the Payment Day, statistical reports showing the Shop's total Gross Revenue, product mix, SKU performance, membership and customer count, and other information we request regarding you and the Shop covering the previous weekly period;
- (2) on or before the twentieth (20<sup>th</sup>) day of each calendar month, the Shop's operating statements and financial statements (including a balance sheet and cash-flow and profit-and-loss statement) for the previous calendar month;

- (3) within thirty (30) days after the end of each fiscal quarter, the Shop's operating statements and financial statements (including a balance sheet and cash-flow and profit-and-loss statements) as of the end of that fiscal quarter;
- (4) within ninety (90) days after the end of each of your fiscal years, annual profit-and-loss and cash-flow statements, a balance sheet for the Shop as of the end of the previous fiscal year, and a narrative written description of your year-end operating results; and
- (5) within fifteen (15) days after our request, exact copies of federal and state income, sales tax, and other tax returns and any other forms, records, books, reports, and other information we periodically require relating to you or the Shop (other than Shop employee records, as you control exclusively your labor relations and employment practices).

We have the right periodically to specify the form and content of the reports and financial statements described above. You must verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data from such reports and statements (and to identify the Shop as the source of such reports and statements) for any business purpose we determine in our sole judgment, including the right to identify the Shop and disclose its individual financial results in both a financial performance representation appearing in Item 19 of our franchise disclosure document and a supplemental financial performance representation.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location for at least five (5) years after the end of the fiscal year to which such records relate or for any longer timeframe the Law requires. If we reasonably determine that any report or financial statement you send us is willfully or recklessly, and materially, inaccurate, we have the right to require you to prepare, at your own expense, audited financial statements annually during the Term until we determine that your reports and statements accurately reflect the Shop's business and operations.

## **15. Inspections and Audits**

### **A. Inspections**

(1) To determine whether you and the Shop are complying with this Agreement, including all Brand Standards and safety standards, we and our designated representatives and vendors (including "mystery" shoppers) have the right before you open the Shop for business and afterward from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Shop, observe and record operations (including through electronic monitoring), remove samples of products and supplies, interview and interact with the Shop's supervisory employees and customers, inspect all books and records relating to the Shop, and access all electronic records on your Computer System to the extent necessary to ensure compliance with this Agreement and all Brand Standards (in all cases excluding records relating to labor relations and employment practices, as you control exclusively labor relations and employment practices for Shop employees). You must cooperate with us and our representatives and vendors in those activities. We will give you a written summary of the evaluation.

Without limiting our other rights and remedies under this Agreement, you must promptly correct at your own expense all deficiencies (i.e., failures to comply with Brand Standards) noted by our evaluators within the time period we specify after you receive notice of those deficiencies (which may be as short as one (1) day depending on the deficiency). We then may conduct one or more follow-up evaluations to confirm that you have corrected the deficiencies and otherwise are complying with this Agreement and all Brand Standards. You must pay the actual costs of the first follow-up audit, including our personnel's daily charges (including wages) and TRE. We have the right to charge you a Two-Thousand Five-Hundred Dollar (\$2,500) inspection fee, plus our personnel's TRE, for the second and each follow-up evaluation we make and for each inspection you specifically request. If you fail to correct a deficiency at the Shop or in its operation after these inspections, we have the right (short of taking over the Shop's management) to take the required action for you, without being guilty of or liable for trespass or tort, in which case you must immediately reimburse all of our costs.

(2) If we find any condition at the Shop that we consider to be hazardous, unsafe, unhealthy, unsanitary, unclean, or in material disrepair, we have the following rights in addition to all other rights set forth in this Agreement:

(a) we have the right to require you immediately to close and suspend operation of the Shop or to take any other action we deem necessary whenever we have reason to believe that any products in the Shop are contaminated or the Shop presents imminent risk to public health and safety. You must notify us immediately of any suspected product contamination or other violation affecting public health or safety and promptly take any action we require. You alone are responsible for all losses, costs, or other expenses incurred in complying with this clause (a); and/or

(b) we have the right immediately to remove or destroy at your expense any product that we believe to be hazardous or contaminated or to present imminent risk to public health or safety.

(3) Because we do not have the right to inspect your employment records, you agree to confirm for us periodically (in the manner specified in Brand Standards) that the Shop's employees have all certifications and licenses required by Law.

## **B. Our Right to Audit**

We and our designated representatives may at any time during your business hours, and without prior notice to you, examine the Shop's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records (other than your employment records, as you control exclusively your labor relations and employment practices). You must fully cooperate with our representatives and independent accountants conducting any inspection or audit. If any inspection or audit discloses an understatement of the Shop's Gross Revenue, you must pay us, within ten (10) days after receiving the inspection or audit report, the amounts due on the understatement plus our administrative fee and interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Shop's Gross Revenue, we will credit you (without interest) for the overpayment. Further, if an inspection or audit is necessary due to your failure to furnish reports, supporting records, or other information

as required or on a timely basis, or if our examination reveals an understatement exceeding two percent (2%) of the amount you actually reported to us for the period examined, you must reimburse our costs for the examination, including, without limitation, legal fees, independent accountants' fees, and compensation and TRE for our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable Law.

## **16. Transfer**

### **A. Transfer by Us**

We have the right to change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After we assign this Agreement to a third party that expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we have the right to sell our assets (including this Agreement), the Marks, or the Franchise System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

### **B. Transfer by You and Definition of Transfer**

The rights and duties this Agreement creates are personal to you and your owners, and we have granted you the rights under this Agreement in reliance upon our perceptions of your and your owners' character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither: (1) this Agreement or any interest in this Agreement; (2) the Shop's physical structure; (3) any right to receive all or a portion of the profits, losses, or capital appreciation relating to the Shop; (4) all or substantially all of the Operating Assets; (5) any ownership interest in you; nor (6) a controlling ownership interest in an Entity with an ownership interest in you, may be transferred without our prior written approval. A transfer of the Shop's ownership, possession, or control (including its physical structure), or all or substantially all of the Operating Assets, may be made only with the concurrent transfer (to the same proposed transferee) of the franchise rights (with the transferee assuming this Agreement or signing our then-current form of franchise agreement and related documents, as we require). Any transfer without our prior written approval is a breach of this Agreement and has no effect, meaning you and your owners will continue to be obligated to us for all your obligations under this Agreement.

In this Agreement, the term “**transfer**” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including the following events:

- (1) transfer of record or beneficial ownership of stock or any other ownership interest or the right to receive (directly or indirectly) all or a portion of the profits, losses, or any capital appreciation relating to the Shop;



- (2) a merger, consolidation, or exchange of ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;
- (3) any sale or exchange of voting interests or securities convertible to voting interests, or any management or other agreement granting the right (directly or indirectly) to exercise or control the exercise of any owner's voting rights or to control your (or an Entity with an ownership interest in you) or the Shop's operations or affairs;
- (4) transfer in a divorce, insolvency, or Entity-dissolution proceeding or otherwise by operation of law;
- (5) transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- (6) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security or collateral, foreclosure upon or attachment or seizure of the Shop (including its physical structure), or your transfer, surrender, or loss of the Shop's possession, control, or management.

You may grant a security interest (including a purchase-money security interest) in the Shop's assets (including its physical structure but not including this Agreement or the franchise rights) to a lender that finances your acquisition, development, and/or operation of the Shop without having to obtain our prior written approval as long as you give us ten (10) days' prior written notice. However, you may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction. This Agreement and the franchise rights granted to you by this Agreement may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment, or execution by your creditors or any financial institution. Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code.

### **C. Conditions for Approval of Transfer**

If you and your owners are in full compliance with this Agreement, then, subject to this Section 16's other provisions:

- (1) We will approve the transfer of a non-controlling ownership interest in you if the proposed transferee and its owners are of good moral character, have no ownership interest in and do not perform services for (and have no affiliates with an ownership interest in or performing services for) a Competitive Business, otherwise meet

our then-applicable standards for non-controlling owners of HEYDAY Shop franchisees, sign our then-current form of Guaranty and Assumption of Obligations or, if applicable, Owner's Undertaking of Non-Monetary Obligations, and pay us a Five-Thousand Dollar (\$5,000) transfer fee. The term "**controlling ownership interest**" is defined in Section 21.M.

(2) If the proposed transfer involves the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, or is one of a series of transfers (regardless of the timeframe over which those transfers take place) in the aggregate transferring the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, then we will not unreasonably withhold our approval of a proposed transfer meeting all of the following conditions (provided, however, there may be no such transfer until after the Shop has opened for business):

a. on both the date you send us the transfer request and the transfer's proposed effective date: (i) the transferee and its direct and indirect owners have the necessary business experience, aptitude, and financial resources to operate the Shop; (ii) the transferee otherwise is qualified under our then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including the transferee and its affiliates are in substantial operational compliance, at the time of the application, under all other franchise agreements for HEYDAY Shops to which they then are parties with us); and (iii) the transferee and its owners are not restricted by another agreement (whether or not with us) from purchasing the Shop or the ownership interest in you or the Entity that owns a controlling ownership interest in you;

b. on both the date you send us the transfer request and the transfer's proposed effective date, you have paid all required Royalties, Technology Fees, Brand Fund contributions, Ongoing Marketing Investment fees, MSC Fees, and other amounts owed to us and our affiliates relating to this Agreement and the Shop, have submitted all required reports and statements, and are not in breach of any provision of this Agreement or another agreement with us or our affiliates relating to the Shop;

c. on both the date you send us the transfer request and the transfer's proposed effective date, neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;

d. before or after the transfer's proposed effective date (as we determine), the transferee's managing owner, operator, and management personnel, if different from your Managing Owner, Operator, and management personnel, satisfactorily complete our then-current Initial Training;

e. the transferee has the right to occupy the Shop's site for the expected franchise term;

f. before the transfer's proposed effective date, the transferee and each of its owners (if the transfer is of the franchise rights granted by this Agreement), or you and your owners (if the transfer is of a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you), if we so require, sign our then-current form of franchise agreement and related documents (including a Guaranty and Assumption of Obligations and, if applicable, Owner's Undertaking of Non-Monetary Obligations), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, provided, however, that (i) the term of the new franchise agreement signed will equal the unexpired portion of the Term, (ii) the Royalty, Technology Fee, and Brand Fund contribution levels specified in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term (i.e., the unexpired portion of the Term), and (iii) the Area of Protection defined in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term (i.e., the unexpired portion of the Term);

g. before the transfer's proposed effective date, you or the transferee pays us a transfer fee equal to (i) fifty-percent (50%) of our then-current initial franchise fee if the transferee is an existing HEYDAY Shop franchisee or is an entity that is legally affiliated with an existing HEYDAY Shop franchisee, (ii) seventy-five percent (75%) of our then-current initial franchise fee if the transferee is not an existing HEYDAY Shop franchisee and not legally affiliated with an existing HEYDAY Shop franchisee, or (iii) one-hundred percent (100%) of our then-current initial franchise fee if a franchise broker that we retained was involved in the transfer process and a broker commission is payable;

[In addition to the transfer fee above, if the proposed transfer is covered by this Section 16.C(2) and the transferee is a person (defined in Section 21.M) who was a "Lead" of ours (defined below) before you or your owner became aware of or was introduced to the Lead or notified us of your or the owner's interest in selling the franchise rights granted by this Agreement or the ownership interest in you, you or the transferee must pay us a "resale program fee" equal to four-and-one-half percent (4.5%) of the sales price for the franchise rights granted by this Agreement or the ownership interest. This "resale program fee" compensates us for our lost opportunity of potentially granting the Lead a new franchise for a new HEYDAY Shop, as each year we spend significant financial and human resources on targeted advertising and marketing of the HEYDAY Shop franchise opportunity in order to attract and identify qualified persons who are interested in purchasing new franchise rights for newly-developed HEYDAY Shops. For purposes of this Section, "Lead" means (i) a person who contacts, or has been contacted by, us (including our authorized representative or affiliate) in connection with the possibility of purchasing a new HEYDAY Shop franchise for a new market area or territory and/or (ii) a lead located in our Lead Management System ("LMS") (in both (i) and (ii), a "Lead" does not include someone who is an existing franchisee in the HEYDAY Shop system). You acknowledge this

“contact” may be in person, in writing, via electronic mail, by telephone, or by LMS.];

h. before the transfer’s proposed effective date, the transferee agrees to repair and/or replace Operating Assets and upgrade the Shop (including its physical structure) in accordance with our then-current requirements and specifications for new HEYDAY Shops within the timeframe we specify following the transfer’s effective date;

i. before the transfer’s proposed effective date, you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns;

j. we have determined that the purchase price, payment terms, and required financing will not adversely affect the transferee’s operation of the Shop;

k. if you or your owners finance any part of the purchase price, you and they agree before the transfer’s proposed effective date that the transferee’s obligations under promissory notes, agreements, or security interests reserved in the Operating Assets, the Shop (including its physical structure), or ownership interests in you are subordinate to the transferee’s (and its owners’) obligation to pay Royalties, Technology Fees, Brand Fund contributions, Ongoing Marketing Investment fees, MSC Fees, and other amounts due to us and our affiliates and otherwise to comply with this Agreement;

l. before the transfer’s proposed effective date, you and your transferring owners (and members of their Immediate Families) agree, for two (2) years beginning on the transfer’s effective date, not to engage in any activity proscribed in Section 19.E below; and

m. before the transfer’s proposed effective date, you and your transferring owners agree not directly or indirectly at any time after the transfer or in any manner (except with other HEYDAY Shops you or they own or operate) to: (i) identify yourself or themselves in any business as a current or former HEYDAY Shop or as one of our franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a HEYDAY Shop for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

We have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you. Therefore, our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee’s qualifications, to analyze and critique the proposed purchase terms, to

communicate candidly and truthfully with the transferee regarding your operation of the Shop, and to withhold our consent, as long as our decision is not unreasonable, even if the conditions in clauses (2)(a) through (2)(m) above are satisfied. You waive any claim that our decision to withhold approval of a proposed transfer in order to protect our business interests—if that decision was reasonable despite satisfaction of the conditions in clauses (2)(a) through (2)(m) above—constitutes tortious interference with contractual or business relationships or otherwise violates any Law. We have the right to review all information regarding the Shop you give the proposed transferee, correct any information we believe is inaccurate, and give the proposed transferee copies of any reports you have given us or we have made regarding the Shop.

Notwithstanding anything to the contrary in this Section 16, we need not consider a proposed transfer of a controlling or non-controlling ownership interest in you, or a proposed transfer of this Agreement, until you (or an owner) and the proposed transferee first send us a copy of the bona fide offer to purchase or otherwise acquire the particular interest from you (or the owner). For an offer to be considered “bona fide,” we have the right to require it to include a copy of all proposed agreements between you (or your owner) and the proposed transferee related to the sale, assignment, or transfer.

#### **D. Transfer to a Wholly-Owned or Affiliated Entity**

Notwithstanding Section 16.C above, if you are in full compliance with this Agreement, you may transfer this Agreement, together with the Operating Assets and all other assets associated with the Shop (including its physical structure), to an Entity that will conduct no business other than the Shop and, if applicable, other HEYDAY Shops and of which you or your then-existing owners own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all Shop assets are owned, and the Shop is operated, only by that single Entity. The Entity must expressly assume all of your obligations under this Agreement, but you will remain personally liable under this Agreement as if the transfer to the Entity did not occur. Transfers of ownership interests in that Entity are subject to the restrictions in Section 16.C.

#### **E. Death or Disability**

##### **(1) Transfer Upon Death or Disability**

Upon the death or disability of one of your owners, that owner’s executor, administrator, conservator, guardian, or other personal representative (the “**Representative**”) must transfer the owner’s ownership interest in you (or an owner) to a third party, which may include an Immediate Family member. That transfer (including transfer by bequest or inheritance) must occur within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all terms and conditions in this Section 16. A failure to transfer such interest within this time period is a breach of this Agreement.

(2) Operation upon Death or Disability

If, upon the death or disability of your Managing Owner, the Shop's day-to-day operations are not being managed by a trained Operator, then you or the Representative (as applicable) must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a Replacement Operator to operate the Shop. The Replacement Operator must at your expense satisfactorily complete the training we designate within the time period we specify. We have the right to assume the Shop's management, as described in Section 18.C, for the time we deem necessary if the Shop is not in our opinion being managed properly after the death or disability of your Managing Owner. Upon the death or disability of your Managing Owner, you also must appoint a new Managing Owner, as provided in Section 3.G above.

**F. Effect of Consent to Transfer**

Our consent to any transfer is not a representation of the fairness of any contract terms between you (or your owner) and the transferee, a guarantee of the Shop's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance with this Agreement.

**G. Our Right-of-First-Refusal**

(1) If you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you at any time determines to sell or transfer for money or other consideration (which can be independently valued in dollars) the franchise rights granted by this Agreement and the Shop (including its physical structure and/or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you (except to or among your current owners or in a transfer under Section 16.D, which are not subject to this Section 16.G), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which, as noted in Section 16.C above, we have the right to require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale or transfer's payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the Shop (including its physical structure and/or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you. It may not relate to any other interests or assets. We have the right to require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

(2) We have the right, by written notice delivered to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, to elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (a) we have the right to substitute cash for any form of consideration proposed in

the offer; (b) our credit will be deemed equal to the credit of any proposed buyer; (c) the closing of our purchase will not (unless we agree otherwise) be earlier than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (d) you and your owners must sign the general release described in Section 16.C(2)(i) above; and (e) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any Law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Shop before the closing of our purchase. If the offer is to purchase all of your ownership interests, we have the right instead to elect to purchase all of the Shop's assets (including its physical structure), and not any of your ownership interests, on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).

(3) Once you or your owners submit the offer and related information to us triggering the start of the thirty (30)-day decision period referenced above, the offer is irrevocable for that thirty (30)-day period. This means we have the full thirty (30) days to decide whether to exercise the right-of-first-refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we have the right to exercise the right to purchase the particular interest in accordance with this Section's terms.

(4) If we exercise our right-of-first-refusal and close the transaction, you and your transferring owners agree that, for two (2) years beginning on the closing date, you and they (and members of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

(5) If we do not exercise our right-of-first-refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 16. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right-of-first-refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have an additional right-of-first-refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

(6) We have the unrestricted right to assign this right-of-first-refusal to a third party (including an affiliate), which then will have the rights described in this Section 16.G. (All references in this Section 16.G to "we" or "us" include our assignee if we have exercised our right to assign this right-of-first-refusal to a third party.) We waive our right-of-first-refusal for sales or transfers to Immediate Family members meeting the criteria in Section 16.C.

## **17. Expiration of Agreement**

When this Agreement expires (unless it is terminated sooner), you will have the right to acquire a first successor franchise to continue operating the Shop as a HEYDAY Shop for five (5) years under our then-current form of franchise agreement, but only if you:

(1) have requested in writing and conducted with us a business review at least six (6) months, but not more than nine (9) months, before the end of the Term and then have formally notified us of your desire to acquire a successor franchise no less than three (3) months before the end of the Term;

(2) have substantially complied with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the Shop, including operated the Shop in substantial compliance with Brand Standards, during the Term, as noted in the business review we conduct;

(3) continue complying substantially with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the Shop between the time you formally notify us of your desire to acquire a successor franchise and the end of the Term; and

(4) retain the right to occupy the Shop at its original site, have remodeled and upgraded the Shop, and otherwise have brought the Shop into full compliance with then-applicable specifications and standards for new HEYDAY Shops (regardless of cost) before this Agreement expires. We have no obligation to grant you a successor franchise if you wish to relocate the Shop or no longer have the right to occupy the Shop at its original site.

To acquire a successor franchise, you and your owners must: (i) sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalties, Technology Fees, Brand Fund contributions, and MSC Fees and a modified or smaller Area of Protection, and will be modified to reflect that it is for a successor franchise; (ii) pay us a successor-franchise fee equal to Five-Thousand Dollars (\$5,000); and (iii) sign a general release in the form we specify as to any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If you fail to sign and return the documents referenced above, together with the successor-franchise fee, within thirty (30) days after we deliver them to you, that will be deemed your irrevocable election not to acquire a successor franchise.

If you fail to notify us by the deadline specified in clause (1) above of your desire to acquire a successor franchise, or if you (and your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise (at or after the business review) and on the date on which this Agreement expires, in substantial compliance with this Agreement and all other agreements with us or our affiliates related to the Shop, you agree that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 18. We have the right to condition our



grant of a successor franchise on your completing certain requirements on or before designated deadlines following commencement of the successor-franchise term.

If we grant you a first five (5)-year successor franchise, you will have the right to acquire a second, third, and fourth (which will be the final) successor franchise to continue operating the Shop as a HEYDAY Shop, the term of each of which will commence immediately upon expiration of the immediately-preceding successor-franchise term and expire five (5) years from that date, but only if you have complied as of the end of the immediately-preceding successor-franchise term with the same conditions for a successor-franchise grant as those described in this Section 17 with respect to the first successor-franchise grant. Otherwise, you will have no right to acquire a second, third, or fourth (which will be the final), as applicable, successor franchise. In connection with your acquisition of a second, third, or fourth successor franchise, you must sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement and in the franchise agreement you sign for the immediately-preceding successor franchise, including higher Royalties, Technology Fees, Brand Fund contributions, and MSC Fees and a modified or smaller Area of Protection. The franchise agreement for the fourth (and final) successor franchise will be modified to reflect that no further successor franchises will be granted.

## **18. Termination of Agreement**

### **A. Termination by You**

You may terminate this Agreement if we materially breach any of our obligations under this Agreement and fail to correct that breach within thirty (30) days after you deliver written notice to us of the breach; provided, however, if we cannot reasonably correct the breach within those thirty (30) days but give you, within the thirty (30) days, evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of that reasonable time period. Your termination of this Agreement other than according to this Section 18.A will be deemed a termination without cause and your breach of this Agreement.

### **B. Termination by Us**

We have the right at our option to terminate this Agreement, effective immediately upon delivery of written notice of termination to you, upon the occurrence of any one of the following events:

(1) you (or any of your direct or indirect owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise or your operation of the Shop, including, without limitation, by intentionally or through your gross negligence understating the Shop's Gross Revenue for any period;

(2) you do not start pursuing diligently immediately following the Effective Date, and secure at least thirty (30) days before the anticipated Lease-signing date, all financing required to construct, develop, and open the Shop;

- (3) you reject a Qualified Site;
- (4) your Managing Owner fails to attend or to complete to our satisfaction Initial Training;
- (5) you fail (a) to meet any development obligation identified in Section 4 on or before the required deadline (unless extended with our approval), or (b) to open and begin operating the Shop in compliance with this Agreement, including all Brand Standards (including with a fully-trained staff) on or before the Opening Deadline (unless extended with our approval);
- (6) you (a) abandon the Shop, meaning you have deserted, walked away from, or closed the Shop under circumstances leading us to conclude that you have no intent to return to the Shop, regardless of how many days have passed since the apparent abandonment, or (b) fail actively and continuously to operate the Shop for at least three (3) consecutive days (except where closure is due to fire, riot, flood, terrorist acts, or natural disaster and you notify us within three (3) days after the particular occurrence to obtain our written approval to remain closed for an agreed-upon amount of time as is necessary under the circumstances before we will require you to re-open);
- (7) you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you makes a purported transfer in violation of Section 16;
- (8) you (or any of your direct or indirect owners) are or have been convicted by a trial court of, or plead or have pleaded guilty or no contest to, a felony;
- (9) you (or any of your direct or indirect owners) engage in any dishonest, unethical, immoral, or similar conduct as a result of which your (or the owner's) association with the Shop (or the owner's association with you) could, in our reasonable opinion, have a material adverse effect on the goodwill associated with the Marks;
- (10) a lender forecloses on its lien on a substantial and material portion of the Shop's assets;
- (11) an entry of judgment against you involving aggregate liability of Twenty-Five Thousand Dollars (\$25,000) or more in excess of your insurance coverage, and the judgment remains unpaid for ten (10) days or more following its entry;
- (12) you (or any of your direct or indirect owners) misappropriate any Confidential Information or violate any provisions of Section 12, including, but not limited to, by holding interests in or performing services for a Competitive Business;
- (13) you violate any material Law relating to the Shop's development, operation, or marketing (including the offer and sale of Shop memberships) and do not (a) begin to correct the noncompliance or violation immediately after delivery of written notice (regardless of by whom sent to you) or (b) completely correct the noncompliance

or violation within the time period prescribed by Law, unless, in the case of both (a) and (b), you are in good faith contesting your liability for the violation through appropriate proceedings or, in the case of (b) only, you provide reasonable evidence to us and the relevant authority of your continued efforts to correct the violation within a reasonable time period;

(14) you fail to report the Shop's Gross Revenue or to pay us or any of our affiliates any amounts when due and do not correct the failure within five (5) days after delivery of written notice;

(15) you underreport the Shop's Gross Revenue by two percent (2%) or more on three (3) separate occasions within any twenty-four (24) consecutive-month period or by five percent (5%) or more during any reporting period;

(16) you disable the Shop's Computer System, close the Shop's business checking or other account from which we debit required payments without complying with Section 5.E, or otherwise intentionally prevent us from debiting required payments;

(17) you fail to maintain the insurance we require for the Shop or to send us satisfactory evidence of such insurance coverage within the required time, or significantly modify your insurance coverage without our written approval, and do not correct the failure within five (5) days after delivery of written notice;

(18) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due on the Shop's operation, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(19) you (or any of your direct or indirect owners) (a) fail on three (3) or more separate occasions within any twelve (12)-consecutive-month period to comply with this Agreement (including any Brand Standard), whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A), or (b) fail on two (2) or more separate occasions within any six (6)-consecutive-month period to comply with the same obligation under this Agreement (including any Brand Standard), whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A);

(20) you fail to pay amounts you owe to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material relating to the Shop's operation or ownership, and do not correct the failure within five (5) days after delivery of written notice;

(21) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your

property; the Shop is attached, seized, or levied upon, unless the attachment, seizure, or levy is vacated within sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the Shop is not vacated within sixty (60) days following its entry;

(22) your or any of your owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your owners otherwise violate any such Law;

(23) you lose the right to occupy the Shop's premises due to your Lease default (even if you have not yet vacated the Shop's premises);

(24) you lose the right to occupy the Shop's premises (but not due to your Lease default), or the Shop is damaged to such an extent that you cannot operate the Shop at its existing location over a thirty (30)-day period, and you fail both to relocate the Shop to a substitute site we accept and to begin operating the Shop at that substitute site within one-hundred-eighty (180) days from the first date on which you could not operate the Shop at its existing location;

(25) you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our affiliates) and you relating to the Shop, including, without limitation, any Brand Standard, and do not correct the failure to our satisfaction within thirty (30) days after we deliver written notice;

(26) you cause or contribute to a Data Security Incident or fail to comply with any requirements to protect Consumer Data; or

(27) we send you (or your affiliate) a notice of termination under another franchise agreement between us and you (or your affiliate) for a HEYDAY Shop, you (or your affiliate) terminate such a franchise agreement without cause (as defined in the franchise agreement), or you (or your affiliate) cease operating a HEYDAY Shop without our approval.

### **C. Assumption of Shop's Management**

(1) If you abandon or fail actively to operate the Shop for any period,

(2) under the circumstances described in Sections 16.E and 18.D, and

(3) after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the Shop's Operating Assets under Section 19.F,

we or our designee has the right (but not the obligation) to enter the site and assume the Shop's management for any time period we deem appropriate. The manager will exercise control over the working conditions of the Shop's employees only to the extent such control is related to our legitimate interest in protecting, and is necessary at that time to protect, the quality of our services, products, or brand.

If we assume the Shop's management, all revenue from the Shop's operation during our management period will (except as provided below) be kept in a separate account, and all Shop expenses will be charged to that account. In addition to the fees and payments owed under this Agreement on account of the Shop's operation, we have the right to charge you a management fee, not to exceed ten percent (10%) of the Shop's Gross Revenue, plus any out-of-pocket expenses incurred in connection with the Shop's management, including salaries and TRE. We or our designee will have a duty to use only reasonable efforts and, if we or our designee is not grossly negligent and does not commit an act of willful misconduct, will not be liable to you or your owners for any debts, losses, lost or reduced profits, or obligations the Shop incurs, or to any of your creditors for any supplies, products, or other assets or services the Shop purchases, while we or our designee manages it. We have the right to require you to sign our then-current form of management agreement, which will govern the terms of our management of the Shop.

If we or our designee assumes the Shop's management due to your abandonment or failure actively to operate the Shop, or after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the Shop's Operating Assets under Section 19.F, we or our designee may retain all, and need not pay you or otherwise account to you for any, Gross Revenue generated while we or our designee manages the Shop.

#### **D. Other Remedies upon Default**

Upon your failure to remedy any noncompliance with any provision of this Agreement, including any Brand Standard, or another default specified in any written notice issued to you under Section 18.B, within the time period (if any) we specify in our notice, we have the right, until the failure has been corrected to our satisfaction, to take any one or more of the following actions:

- (1) suspend your right to participate in one or more advertising, marketing, or promotional programs that we or the Brand Fund provides;
- (2) suspend or terminate your participation in any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);
- (3) refuse to provide any operational support this Agreement requires; and/or
- (4) assume the Shop's management, as described in Section 18.C, for the time we deem necessary in order to correct the default, for all of which costs you must reimburse us (in addition to the amounts you must pay us under Section 18.C).

Exercising any of these rights will not constitute an actual or constructive termination of this Agreement or be our sole and exclusive remedy for your default. We have the right at any time after the applicable cure period under the written notice has lapsed (if any) to terminate this Agreement without giving you any additional corrective or cure period. During any suspension period, you must continue paying all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Our election to suspend your rights as provided above is not our waiver of any breach of this Agreement. If we rescind any suspension of your

rights, you are not entitled to any compensation (including, without limitation, repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses you might have incurred due to our exercise of any suspension right provided above.

## **19. Rights and Obligations upon Termination or Expiration of This Agreement**

### **A. Payment of Amounts Owed**

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date we determine the amounts due to us, the Royalties, Technology Fees, Brand Fund contributions, Ongoing Marketing Investment fees, MSC Fees, late fees and interest, and other amounts owed to us (and our affiliates) that are then unpaid.

### **B. De-Identification**

Upon termination or expiration of this Agreement, you must de-identify the Shop in compliance with this Section 19.B and as we reasonably require. De-identification includes, but is not limited to, taking the following actions:

(1) beginning immediately upon the effective date of termination or expiration, you and your owners may not directly or indirectly at any time afterward or in any manner (except in connection with other HEYDAY Shops you or they own and operate): (a) identify yourself or themselves in any business as a current or former HEYDAY Shop or as one of our current or former franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a HEYDAY Shop for any purpose; or (c) use for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

(2) immediately upon the effective date of termination or expiration, you must take the action required to cancel all fictitious- or assumed-name or equivalent registrations relating to your use of any Mark;

(3) if we do not exercise the option under Section 19.F below, you must at your own cost, and without any payment from us for such items, destroy all signs, Marketing Materials, forms, and other materials containing any Mark within twenty (20) days after the De-identification Date (defined below). If you fail to do so voluntarily, we and our representatives may enter the Shop at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so. (Notwithstanding the above, you may after the De-identification Date sell these branded items to another HEYDAY Shop franchisee.);

(4) if we do not exercise the option under Section 19.F below, you must at your own cost, and without any payment from us for such items, destroy all materials that are proprietary to the HEYDAY Shop brand within thirty (30) days after the De-

identification Date. If you fail to do so voluntarily when we require, we and our representatives may enter the Shop at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so. (Notwithstanding the above, you may after the De-identification Date sell these branded items to another HEYDAY Shop franchisee.);

(5) if we do not exercise the option under Section 19.F below, you must at your own expense within twenty (20) days after the De-identification Date make the alterations we specify to distinguish the Shop clearly from its former appearance and from other HEYDAY Shops in order to prevent public confusion, including, without limitation, removing all retail fixtures and millwork and painting the Shop's interior white. If you fail to do so voluntarily when we require, we and our representatives may enter the Shop at our convenience and take this action without liability to you, your landlord, or any other third party for trespass or any other claim. We need not compensate you or the landlord for any alterations. You must reimburse our costs of de-identifying the Shop;

(6) you must within fifteen (15) days after the De-identification Date notify the telephone company and all telephone directory publishers (both web-based and print) of the termination or expiration of your right to use any telephone or other numbers and telephone directory listings associated with any Mark; authorize, and not interfere with, the transfer of those numbers and directory listings to us or at our direction; and/or instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we have the right to take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

(7) you must immediately cease using or operating any Social Media and other Digital Marketing related to the Shop or the Marks, take all action required to disable Social Media accounts and other Digital Marketing, and cancel all rights in and to any accounts for such Social Media and other Digital Marketing (unless we request you to assign them to us).

The “**De-identification Date**” means: (i) if we exercise the option under Section 19.F, the closing date of our (or our designee's) purchase of the Shop's assets; or (ii) if we do not exercise the option under Section 19.F, the date upon which that option expires or we notify you of our decision not to exercise, or to withdraw our previous exercise, of that option, whichever occurs first.

### **C. Confidential Information**

Upon termination or expiration of this Agreement, you and your owners must immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Source and any other confidential materials to which we gave you access. You may not sell, trade, or otherwise profit in any way from any Consumer Data or other Confidential Information at any time after expiration or termination of this Agreement.

#### **D. Notification to Customers**

Upon termination or expiration of this Agreement, we have the right to contact (at our expense) previous, current, and prospective customers to inform them that a HEYDAY Shop no longer will operate at the Shop's location or, if we intend to exercise the option under Section 19.F, that the Shop will operate under new management. We also have the right to inform them of other nearby HEYDAY Shops. Exercising these rights will not constitute interference with your contractual or business relationships with those customers.

#### **E. Covenant Not to Compete**

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), you and your owners agree that neither you, they, nor any member of your or their Immediate Families will:

(1) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in any Competitive Business located or operating:

- a. at the Shop's site; or
- b. within ten (10) miles of the former Shop site; or
- c. within ten (10) miles of the physical location of another HEYDAY Shop in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E,

provided that this restriction does not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or

(2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business located or operating:

- a. at the Shop's site; or
- b. within ten (10) miles of the former Shop site; or
- c. within ten (10) miles of the physical location of another HEYDAY Shop in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E.

You, each owner, and your and their Immediate Families will each be bound by these competitive restrictions for two (2) years beginning on the effective date of this Agreement's



termination or expiration. However, if a restricted person does not begin to comply with these competitive restrictions immediately, the two (2)-year restrictive period for that non-compliant person will not start to run until the date on which that person begins to comply with the competitive restrictions (whether or not due to the entry of a court order enforcing this provision). The running of the two (2)-year restrictive period for a restricted person will be suspended whenever that restricted person breaches this Section and will resume when that person resumes compliance. The restrictive period also will be tolled automatically during the pendency of a proceeding in which either party challenges or seeks to enforce these competitive restrictions. These restrictions also apply after a permitted transfer under Section 16 above. You (and your owners) expressly confirm that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, our enforcing the covenants made in this Section 19.E will not deprive you (and them) of personal goodwill or the ability to earn a living. The terms of Section 12.B of this Agreement also apply to the competitive restrictions described in this Section 19.E.

## **F. Option to Purchase Operating Assets**

### **(1) Exercise of Option**

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), we have the option, exercisable by giving you written notice before or within thirty (30) days after the effective date of termination or expiration, to purchase the Operating Assets and other assets associated with the Shop's operation that we designate. We have the unrestricted right to assign this purchase option to a third party (including an affiliate), which then will have the rights and, if the purchase option is exercised, obligations described in this Section 19.F. (All references in this Section 19.F. to "we" or "us" include our assignee if we have exercised our right to assign this purchase option to a third party.) We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including representations and warranties regarding ownership and condition of, and title to, assets; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Shop before the closing of our purchase. While we (or our assignee) are deciding whether to exercise the option to purchase, we (or our assignee) has the right to conduct any investigations to determine: (a) the ownership and condition of the Operating Assets; (b) liens and encumbrances on the Operating Assets; (c) environmental and hazardous substances at or upon the Shop's site; and (d) the validity of contracts and liabilities inuring to us (or our assignee) or affecting the Assets. You must give us and our representatives access to the Shop at all reasonable times to conduct inspections of the Operating Assets.

If you or one or more of your owners, directly or through another entity, hold title to the underlying real estate on which the Shop's physical structure is located, we (or our assignee) may elect to lease that site from you or your owner (or the entity) for an initial five (5) or ten (10) year term (at our option), with one (1) renewal term of five (5) or ten (10) years (again at our option), on commercially reasonable terms. If you lease the Shop's site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

## (2) Purchase Price

If we elect to purchase all or substantially all of the Operating Assets and other assets associated with the Shop's operation, the purchase price for those assets will be their fair market value, although fair market value will not include any value for (a) the franchise or any rights granted by this Agreement, (b) goodwill attributable to our Marks, brand image, and other intellectual property, or (c) participation in the network of HEYDAY Shops. In all cases, we have the right to exclude from the assets purchased any Operating Assets or other items not reasonably necessary (in function or quality) to the Shop's operation or that we have not approved as meeting Brand Standards; the purchase price will reflect those exclusions. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we deliver our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15)-day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one (1) independent accredited appraiser upon whom we and you agree who, in conducting the appraisal, will be bound by the criteria specified above. We and you agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually-acceptable appraiser within the fifteen (15) days, we will send you a list of three (3) independent appraisers, and you must within seven (7) days select one of them to be the designated appraiser to determine the purchase price. Otherwise, we have the right to select the appraiser. We and you will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice invoking the appraisal mechanism, we and you each must send the appraiser our and your respective calculations of the purchase price, with such detail and supporting documents as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and is final.

## (3) Closing

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, we have the right to decide after the purchase price is determined not to complete the purchase and will have no liability to you for choosing not to do so. We have the right to set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; (b) all of the Shop's licenses and permits that may be assigned; and (c) possessory rights to the Shop's site.

If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates

and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If we exercise our rights under this Section 19.F, then for two (2) years beginning on the closing date, you and your owners (and members of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

You may not under any circumstances sell any of the Shop's assets until we have exercised or elected not to exercise our right to purchase those assets, as provided in this Section.

### **G. Liquidated Damages**

If we terminate this Agreement for cause under Section 18.B, or if you terminate this Agreement without cause, before the Term's scheduled expiration date, you confirm that we will suffer substantial damages as a result of such termination, including Brand Damages. "**Brand Damages**" means lost Royalties, lost Brand Fund Contributions, lost market penetration and goodwill, loss of HEYDAY Shop representation in the Shop's market area, customer confusion, lost opportunity costs, and expenses that we will incur in developing or finding another franchisee to develop another HEYDAY Shop in the Shop's market area. We and you agree that Brand Damages are difficult to estimate accurately, and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to us. Therefore, upon termination of this Agreement, as provided above, before the Term's scheduled expiration date, you agree to pay us in a lump sum, within the timeframe we specify, liquidated damages equal to the product of either twenty-four (24) or the number of months that would have remained in the Term (as of the effective date of termination) had it not been terminated, whichever is shorter, multiplied by the average monthly Royalties and Brand Fund contributions that were due and payable to us during the twelve (12) months before the month of termination (or for such lesser period that the Shop has been open, if less than twelve (12) months).

You agree that the liquidated damages calculated under this Section 19.G represent the best estimate of our Brand Damages arising from any termination of this Agreement before the Term expires. Your payment of the liquidated damages to us will not be considered a penalty but, rather, a reasonable estimate of fair compensation to us for the Brand Damages we will incur because this Agreement did not continue for the Term's full length. You agree that your payment of liquidated damages is full compensation to us only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, your obligations to pay other amounts due to us under this Agreement as of the effective date of termination and to comply strictly with the de-identification procedures of Section 19.B and your other post-termination obligations. If any valid law or regulation governing this Agreement limits your obligation to pay, and/or our right to receive, the liquidated damages for which you are obligated under this Section, then you will be liable to us for any and all Brand Damages we incur, now or in the future, as a result of your breach of this Agreement.

### **H. Continuing Obligations**

All of our and your (and your owners') obligations expressly surviving expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination and until they are satisfied in full.

## **20. Relationship of the Parties; Indemnification**

### **A. Independent Contractors**

(1) This Agreement does not create a fiduciary relationship between you and us (or any affiliate of ours). You have no authority, express or implied, to act as an agent for us or our affiliates for any purpose. You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Shop and its assets, including any personal property, equipment, fixtures, or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person resulting directly or indirectly from the Shop's operation.

(2) We and you are entering this Agreement with the intent and expectation that we and you are and will be independent contractors. Further, we and you are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and we (and our affiliates) will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We (and our affiliates) are not the employer or joint employer of the Shop's employees. Your Managing Owner and Operator are solely responsible for managing and operating the Shop and supervising the Shop's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Shop personnel, and others as the Shop's owner, operator, and manager under a franchise we have granted and to place notices of independent ownership at the Shop and on the forms, business cards, stationery, advertising, e-mails, and other materials we require from time to time.

(3) We (and our affiliates) will not exercise direct or indirect control over the working conditions of Shop personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of our services, products, or brand. We (and our affiliates) do not share or codetermine the employment terms and conditions of the Shop's employees and do not affect matters relating to the employment relationship between you and the Shop's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you must notify Shop personnel that you are their employer and that we, as the franchisor of HEYDAY Shops, and our affiliates are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all Shop employees that you (and not we or our affiliates) are their employer.

### **B. No Liability for Acts of Other Party**

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with you is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising from the Shop's operation or the business you conduct under this Agreement.

### **C. Taxes**

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon you or the Shop, due to the business you conduct (except for our own income taxes). You must pay those taxes and reimburse us for any taxes we must pay to any taxing authority on account of either your Shop's operation or payments you make to us (except for our own income taxes).

### **D. Insurance**

During the Term, you must maintain in force at your sole expense insurance coverage for the Shop in the amounts, and covering the risks, we periodically specify in the Operations Source. We have the right to require some or all of your insurance policies to provide for waiver of subrogation in favor of us and certain of our affiliates. Your insurance carriers must be licensed to do business in the state in which the Shop is located and be rated A-, VII or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the Shop. We have the right periodically to increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in Law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and any affiliates we periodically designate as additional insureds and provide for thirty (30) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal and notice to us of any non-payment. You must periodically, including before the Shop opens for business, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified above and the payment of premiums. We have the right to require you to use our designated insurance broker to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage for the Shop at your expense if you fail to do so, in which case you must promptly reimburse our costs. We also have the right to defend claims in our sole discretion.

### **E. Indemnification**

To the fullest extent permitted by Law, you must indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and reimburse any one or more of the Indemnified Parties for, all Losses (defined below) incurred as a result of:

- (1) a claim threatened or asserted;
- (2) an inquiry made formally or informally; or
- (3) a legal action, investigation, or other proceeding brought

by a third party and directly or indirectly arising out of:

- (i) the Shop's construction, design, or operation;
- (ii) the business you conduct under this Agreement;

- (iii) your noncompliance or alleged noncompliance with any Law, including any allegation that we or another Indemnified Party is an employer or joint employer or otherwise responsible for your acts or omissions relating to the Shop's employees;
- (iv) a Data Security Incident; or
- (v) your breach of this Agreement.

You also agree to defend the Indemnified Parties (unless an Indemnified Party chooses to defend at your expense as provided in the following paragraph) against any and all such claims, inquiries, actions, investigations, and proceedings, including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct, and willful wrongful omissions. However, you have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's negligence, willful misconduct, or willful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or our failure to compel you to comply with this Agreement.

For purposes of this indemnification and hold harmless obligation, "**Losses**" includes all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, whether or not litigation, arbitration, or alternative dispute resolution actually is commenced. Each Indemnified Party, with its own counsel and at your expense, may defend and otherwise respond to and address any claim threatened or asserted or inquiry made, or any action, investigation, or proceeding brought (instead of having you defend it with your counsel, as provided in the preceding paragraph), and, in cooperation with you, agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible (except as provided in the last sentence of the preceding paragraph).

Your obligations under this Section will continue in full force and effect after and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section. A failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section.

## **21. Enforcement**

### **A. Severability**

(1) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable. If, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future Law in a final, unappealable ruling issued by any court, arbitrator, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of or otherwise affect any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant restricting competitive activity is deemed unenforceable due to its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be reformed to the extent necessary to be reasonable and enforceable, and then enforced to the fullest extent permissible, under the Laws and public policies applied in the jurisdiction whose Laws determine the covenant's validity.

(2) If any applicable and binding Law requires more notice than this Agreement requires of the termination of this Agreement or of our refusal to grant a successor franchise, or if under any applicable and binding Law any provision of this Agreement, including any Brand Standard, is invalid, unenforceable, or unlawful, the notice and/or other action required by the Law will be substituted for the comparable provisions of this Agreement, and we have the right to modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision entirely. You agree to be bound by any promise or covenant imposing the maximum duty the Law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

### **B. Waiver of Obligations and Force Majeure**

(1) We and you may in writing unilaterally waive or reduce any contractual obligation or restriction upon the other, effective upon delivery of written notice to the other or another effective date stated in the waiver notice. However, no interpretation, change, termination, or waiver of any provision of this Agreement will bind us unless in writing, signed by one of our officers, and specifically identified as an amendment to this Agreement. No modification, waiver, termination, discharge, or cancellation of this Agreement affects the right of any party to this Agreement to enforce any claim or right under this Agreement, whether or not liquidated, which occurred before the date of such modification, waiver, termination, discharge, or cancellation. Any waiver granted is without prejudice to any other rights we or you have, is subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

(2) We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand your strict compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice varying from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including your compliance with any Brand Standard;

our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other HEYDAY Shops; the existence of franchise agreements for other HEYDAY Shops containing provisions differing from those contained in this Agreement; or our acceptance of any payments from you after any breach of this Agreement. No special or restrictive legend or endorsement on any payment or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We have the right to remove any legend or endorsement, which will have no effect.

(3) Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (a) acts of God; (b) fires, strikes, embargoes, war, terrorist acts or similar events, or riot; (c) compliance with the orders, requests, or regulations of any federal, state, or municipal government; or (d) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Technology Fees, Brand Fund contributions, Ongoing Marketing Investment fees, MSC Fees, and other amounts due afterward. Under no circumstances do any financing delays, difficulties, or shortages excuse your failure to perform or delay in performing your obligations under this Agreement.

#### **C. Costs and Attorneys' Fees**

If we incur costs and expenses (internal or external) to enforce our rights or your obligations under this Agreement because you have failed to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree to reimburse all costs and expenses we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. Your obligation to reimburse us arises whether or not we begin a formal legal proceeding against you to enforce this Agreement. If we do begin a formal legal proceeding against you, the reimbursement obligation applies to all costs and expenses we incur preparing for, commencing, and prosecuting the legal proceeding and until the proceeding has completely ended (including appeals and settlements).

#### **D. You May Not Withhold Payments**

You may not withhold payment of any amounts owed to us or our affiliates due to our alleged nonperformance of our obligations under this Agreement or for any other reason. You specifically waive any right you have at Law or in equity to offset any monies you owe us or our affiliates or to fail or refuse to perform any of your obligations under this Agreement.

#### **E. Rights of Parties Are Cumulative**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy that we or you are entitled by Law to enforce.



## **F. Arbitration**

All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

- (1) this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Shop or any provision of any such agreements;
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Shop, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section; or
- (4) any Brand Standard,

must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with 21.C above), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 21.I, we and you waive to the fullest extent the Law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 21.H below.

We and you will be bound by any limitation under this Agreement or applicable Law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the

arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs in accordance with Section 21.C above.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving us and/or any other person. Despite the foregoing or anything to the contrary in this Section 21.F or in Section 21.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21.F, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with this Section 21 (excluding this Section 21.F).

This Section's provisions are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding expiration or termination of this Agreement.

Despite your and our agreement to arbitrate, each has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, each must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

#### **G. Governing Law**

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

- (1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to the Shop;
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate) relating to the Shop; or
- (4) any Brand Standard,

will be governed by the Laws of the State of Delaware law, without regard to its conflict of Laws rules. However, the provisions of any Delaware legislation regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply to the matters in clauses (1) through (4) above under any circumstances unless their jurisdictional requirements and

definitional elements are met independently, without reference to this Section 21.G, and no exemption to their application exists.

#### **H. Consent to Jurisdiction**

Subject to the arbitration obligations in Section 21.F, you and your owners agree that all judicial actions brought by us against you or your owners, or by you or your owners against us, our affiliates, or our or their respective owners, officers, directors, agents, or employees, relating to this Agreement or the Shop must be brought exclusively in the state or federal court of general jurisdiction located closest to where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the action is commenced. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection you or they might have to either jurisdiction or venue. Despite the foregoing, we have the right to bring an action seeking a temporary restraining order or temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Shop is located.

#### **I. Waiver of Punitive and Exemplary Damages**

EXCEPT FOR YOUR INDEMNIFICATION OBLIGATIONS UNDER SECTION 20.E AND CLAIMS BASED ON YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

#### **J. Waiver of Jury Trial**

SUBJECT TO THE ARBITRATION OBLIGATIONS IN SECTION 21.F, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS). WE AND YOU (AND YOUR OWNERS) CONFIRM THAT WE AND YOU (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

#### **K. Binding Effect**

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors-in-interest. Subject to our right to modify the Operations Source and Brand Standards, this Agreement may not be modified except by a written agreement signed by both you and us that is specifically identified as an amendment to this Agreement.

## **L. Limitations of Claims**

EXCEPT FOR:

(1) CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US FOR ROYALTY FEES, BRAND FUND CONTRIBUTIONS, TECHNOLOGY FEES, MSC FEES, AND ANY OTHER AMOUNTS THAT WOULD ACCRUE FOR AN OPERATING SHOP UNDER THIS AGREEMENT;

(2) OUR (AND CERTAIN OF OUR RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM YOU FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT; AND

(3) OUR RIGHTS IF YOU FAIL TO COMPLY WITH YOUR OBLIGATIONS UNDER A DEVELOPMENT RIGHTS AGREEMENT (IF APPLICABLE),

ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN THREE (3) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM. HOWEVER, IF THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS IS SHORTER THAN THESE THREE (3) YEARS, WE AND YOU EXPRESSLY AGREE THAT THE SHORTER STATUTE OF LIMITATIONS WILL APPLY.

## **M. Construction**

(1) The preambles and exhibits are part of this Agreement, which, together with any riders or addenda signed at the same time as this Agreement and together with the Operations Source and Brand Standards, constitutes our and your entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to this Agreement's subject matter. There are no other oral or written representations, warranties, understandings, or agreements between us and you relating to this Agreement's subject matter. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the franchise disclosure document (including its exhibits and amendments) we delivered to you or your representative. Any policies we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and do not bind us. Except as provided in Sections 20.E and 21.F, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

(2) We and you have negotiated this Agreement's terms and agree that neither may claim the existence of an implied covenant of good faith and fair dealing to contravene or limit any express written term or provision of this Agreement.

(3) Headings of sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs.

(4) References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all your obligations to us under this Agreement, include any of our affiliates with whom you deal. “**Affiliate**” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. “**Control**” means the power to direct or cause the direction of management and policies. If two or more persons are at any time the owners of the rights under this Agreement and/or the Shop, whether as partners or joint venturers, their representations, warranties, obligations, and liabilities to us will be joint and several. “**Owner**” means any person holding a direct or indirect ownership interest (whether of record, beneficial, or otherwise) or voting rights in you (or your owner or a transferee of this Agreement and the Shop or any interest in you), including any person who has a direct or indirect interest in you (or your owner or a transferee), this Agreement, or the Shop or any other direct or indirect legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

(5) References to a “**controlling ownership interest**” in you or one of your owners (if an Entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a “controlling ownership interest” is involved must be determined both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

(6) “**Person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days mean calendar days and not business days. The term “**Shop**” includes all assets of the HEYDAY Shop you operate under this Agreement, including its physical structure and revenue and income. “**Include,**” “**including,**” and words of similar import will be interpreted to mean “including, but not limited to” and “including, without limitation,” and the terms following such words will be interpreted as examples, and not an exhaustive list, of the appropriate subject matter.

(7) This Agreement will become valid and enforceable only upon its full execution by you and us, although we and you need not be signatories to the same original or electronically-transmitted counterpart of this Agreement. A scanned copy of an originally-signed signature page that is sent as a .pdf by email or a signature page bearing an electronically/digitally captured signature and transmitted electronically will be deemed an original.

## **N. The Exercise of Our Business Judgment**

Because complete and detailed uniformity under many varying conditions might not be possible or practical, we specifically reserve the right and privilege, as we deem best according to our business judgment, to vary Brand Standards or other aspects of the Franchise System for

any franchisee. You have no right to require us to grant you a similar variation or accommodation.

We have the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves our right to take or withhold an action, or to grant or decline to grant you the right to take or omit an action, we have the right, except as this Agreement specifically provides, to make our decision or exercise our rights based on information then available to us and our judgment of what is best for us, HEYDAY Shop franchisees generally, or the Franchise System when we make our decision, whether or not we could have made other reasonable or even arguably preferable alternative decisions and whether or not our decision promotes our financial or other individual interest.

## **22. Compliance with Anti-Terrorism Laws**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any Anti-Terrorism Law. “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States and all other present and future Laws, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement, as provided in Section 18 above.

## **23. Notices and Payments**

All acceptances, approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive them in accordance with this Section 23. All such acceptances, approvals, requests, notices, and reports will be deemed delivered at the time delivered by hand; or one (1) business day after deposit with a nationally-recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices we send you or your owners, at the Shop’s address. Payments and certain information and reports you must send us under this Agreement will be deemed delivered on any of the applicable dates described above or, if earlier, when we actually receive them electronically (all payments, information, and reports must be received on or before their due dates in the form and manner specified in this Agreement). As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us:

**HEYDAY FRANCHISE LLC**  
251 Little Falls Drive  
Wilmington, Delaware 19808  
Attn: President

Notices to you and your owners: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**24. Electronic Mail**

You agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize e-mail transmission to you during the Term by us and our employees, vendors, and affiliates (“**Official Senders**”). You further agree that: (a) Official Senders are authorized to send e-mails to your Managing Owner, Operator, and other supervisory employees whom you occasionally authorize to communicate with us; (b) you will cause your officers, directors, Operator, and supervisory employees to consent to Official Senders’ transmission of e-mails to them; (c) you will require such persons not to opt out of or otherwise ask to no longer receive e-mails from Official Senders while such persons work for or are associated with you; and (d) you will not opt out of or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Section 24 will not apply to the provision of formal notices by either party under Section 23 of this Agreement using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

**25. No Waiver or Disclaimer of Reliance in Certain States**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\_\_\_\_\_  
[Name]

\*\*Effective Date

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT A**  
**TO THE HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**BASIC TERMS**

1. The non-exclusive Development Area is described as follows:

\_\_\_\_\_ (see attached map, if applicable).  
The Development Area is simply the geographical area in which we will look for the Shop's site. It will not determine the size or description of the Area of Protection.

2. The Shop's physical address is \_\_\_\_\_. If you have not found and secured the Shop's site as of the Effective Date, we and you will identify the Shop's physical address in the blank above after you find and secure the site.

3. The Shop's Area of Protection is described as follows:

\_\_\_\_\_ (see attached map, if applicable). If you have not found and secured the Shop's site as of the Effective Date, we and you will define the Area of Protection in the blank above (and, if applicable, on the attached map) after you find and secure the site. If there is a conflict between the narrative description above and the attached map, the narrative description will control. As noted in Section 3.C. of the Franchise Agreement, the Area of Protection is defined and deemed to exclude any and all Non-Traditional Venues physically located within the Area of Protection. (We have the right to modify the Area of Protection during the Franchise Agreement term if, with our prior written permission, which we have no obligation to grant, the Shop relocates.)

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B-1**  
**TO THE HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this <Date>,  
by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “**Agreement**”) on this date by **HEYDAY FRANCHISE LLC**, a Delaware limited liability company (“**Franchisor**”), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that \_\_\_\_\_ (“**Franchisee**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 21, 22, and 23 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor’s pursuit of any remedies against Franchisee or another person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, any release of other guarantors), none of which will in any way modify or amend this Guaranty, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Franchisee indebtedness to the undersigned, for whatever reason, whether currently existing or hereafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Guaranty in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. **FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.**

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

**PERCENTAGE OF OWNERSHIP IN  
FRANCHISEE**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**EXHIBIT B-2**  
**TO THE HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**OWNER'S UNDERTAKING OF NON-MONETARY OBLIGATIONS**

**THIS OWNER'S UNDERTAKING OF NON-MONETARY OBLIGATIONS** is given this <Date>, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by **HEYDAY FRANCHISE LLC**, a Delaware limited liability company ("**Franchisor**"), with \_\_\_\_\_ ("**Franchisee**"), each of the undersigned unconditionally agrees (a) to be personally bound by, and personally liable for his or her own breach of, Sections 3.F, 3.G, 3.H, 6.H, 7.B, 7.C, 7.E, 8, 9, 10, 11, 12, 13.E, 16, 17, 19 (except for Sections 19.A and 19.G), 20.B, 22, 23, and 24 of the Agreement, and (b) to be personally bound by Sections 2, 21.A, 21.B, 21.F, 21.G, 21.H, 21.I, 21.J, 21.K, 21.L, and 21.M of the Agreement. None of the undersigned will be responsible for any of Franchisee's payment obligations under the Agreement.

The undersigned consents and agrees that this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or another person and will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial performance or the compromise or release of any claims, none of which will in any way modify or amend this Undertaking, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners. This Undertaking will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Undertaking, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Undertaking, notice of non-performance of any obligations hereby assumed, protest and notice of default to any party with respect to the nonperformance of any obligations hereby assumed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Undertaking. The undersigned expressly acknowledges that the obligations under this Undertaking survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Undertaking in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees,

costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Undertaking, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Undertaking or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Undertaking and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. **FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.**

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

\_\_\_\_\_  
[Name]

\_\_\_\_\_  
[Signature]

Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]

\_\_\_\_\_  
[Signature]

Date: \_\_\_\_\_

**EXHIBIT C**  
**TO THE HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**FRANCHISEE AND ITS OWNERS**

**Effective Date: This Exhibit C is current and complete  
as of <Date>**

**Form.** Franchisee was incorporated or formed on <Date>, under the laws of the State of \_\_\_\_\_ . Franchisee has not conducted business under any name other than Franchisee’s corporate, limited liability company, or partnership name and (if applicable) \_\_\_\_\_. The following is a list of Franchisee’s directors or managers (if applicable) and officers as of the effective date shown above:

<b><u>Name</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**Owners.** The following list includes the full name of each individual or entity that is one of Franchisee’s direct or indirect owners and fully describes the nature of each owner’s interest. If one or more of Franchisee’s owners are entities, please identify each such entity as well as the direct and indirect owners of such entity (attach additional pages if necessary).

<b><u>Owner’s Name</u></b>	<b><u>Description of Interest</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

**Managing Owner.** Franchisee’s Managing Owner is \_\_\_\_\_. His or her contact information for notice is \_\_\_\_\_.

**HEYDAY FRANCHISE LLC, a**  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT D**  
**TO THE HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**LEASE RIDER FOR HEYDAY SHOP FRANCHISES**

This Lease Rider (this "Rider") is entered into this <Date>, by and between \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_ ("Lessor") and supplements and forms a part of the lease agreement (the "Lease") between Franchisee and Lessor for the premises located at \_\_\_\_\_ (the "Premises"). In the event of a conflict between the Lease's provisions and this Rider's provisions, this Rider's provisions shall control.

1. Lessor and Franchisee acknowledge and agree that this Rider is entered into in connection with, and as a condition to, the grant of a franchise by Heyday Franchise LLC ("Franchisor") to Franchisee in accordance with the terms of a Heyday Franchise LLC Franchise Agreement dated <Date> (the "Franchise Agreement").
2. This Rider is intended to provide Franchisor the opportunity to reserve the Premises as a HEYDAY Shop under the circumstances set out.
3. During the Franchise Agreement's term, Franchisee will use the premises only to operate a HEYDAY Shop.
4. Lessor agrees that Franchisor, or a franchisee of the HEYDAY Shop Franchise System selected by Franchisor, shall have the right to receive an assignment of this Lease upon transfer, termination, or expiration of the Franchise Agreement between Franchisor and Franchisee, d/b/a HEYDAY Shop. Upon such transfer, termination, or expiration of said Franchise Agreement, Lessor shall promptly execute an acknowledgement of and consent to the assignment of the Lease.
5. Lessor will send to Franchisor copies of all default notices, and all notices of Lessor's intent to terminate the Lease (or any rights of Franchisee under the Lease) or evict Franchisee from the leased premises, simultaneously with sending such notices to Franchisee. Such notice shall be delivered to Franchisor in writing by overnight delivery by FedEx, UPS, or other nationally-recognized overnight courier. Lessor and Franchisee hereby acknowledge and agree that Franchisor has the right, but is under no obligation, to cure any deficiency under the Lease, if Franchisee should fail to do so, within (i) fifteen (15) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Such copies must be sent to:

**HEYDAY FRANCHISE LLC**  
251 Little Falls Drive  
Wilmington, Delaware 19808  
Attn: President

6. **Consent to Collateral Assignment to Franchisor; Disclaimer.** Lessor acknowledges that Franchisee intends to operate a HEYDAY Shop in the Premises, and that Franchisee's rights to operate a HEYDAY Shop and to use the trade and service marks associated with the HEYDAY Shop Franchise System are solely pursuant to the Franchise Agreement. Franchisee's operations at the Premises are independently owned and operated. Lessor acknowledges that Franchisee alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Lessor hereby consents, without payment of a fee and without the need for further Lessor consent, to (i) the collateral assignment of Franchisee's interest in this Lease to Franchisor to secure Franchisee's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor) succeeding to Franchisee's interest in the Lease by mutual agreement of Franchisor and Franchisee, or as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Franchisee, and/or (iii) Franchisee's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Lessor and Franchisee agree and acknowledge that simultaneously with such assignment pursuant to the immediately-preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Franchisee nor any other franchisee shall be afforded such release in the event Franchisee or such other franchisee is the assignor unless otherwise agreed by Lessor. Lessor further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Franchisee shall not be terminated in the event of any assignment referenced herein but shall inure to the benefit of the applicable assignee.

7. Franchisee agrees that termination of the Franchise Agreement shall be a default under the Lease. In the event of termination of the Franchise Agreement, or if Franchisee fails to timely cure any defaults under the Lease, Franchisee shall within ten (10) days after written demand by Franchisor assign all of its right, title, and interest in and to the Lease to Franchisor. If Franchisee fails to do so within the said ten (10) days, Franchisee hereby designates Franchisor as its agent to execute any and all documents and to take all action as may be necessary or desirable to effect the assignment of the Lease and the relinquishment of any and all of Franchisee's rights thereunder. Lessor hereby consents to such assignment subject to Franchisor executing an assignment of the Lease and curing all defaults of Franchisee of which Franchisor has been notified under the Lease and this Rider before taking possession of the Premises. Franchisee further agrees to promptly and peaceably vacate the Premises and to remove its personal property at the written request of Franchisor. Any property not so removed by Franchisee within ten (10) days following receipt of such written request shall be deemed abandoned by Franchisee and immediately and permanently relinquished to Franchisor.

8. Franchisor or its affiliates may enter the premises to make any modifications or alterations necessary to protect the Franchise System and the trade and service marks associated

with the HEYDAY Shop Franchise System or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Lessor.

9. Notwithstanding anything contained in the Lease to the contrary or in conflict, it will be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt, or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Franchisee's rights under this Lease or Franchisee's possession of the Premises, so long as Franchisee is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to Section 4 above).

10. Lessor acknowledges that the value of the HEYDAY Shop brand is derived from the ability to provide uniform products and services and the uniform appearance of its brand, signs, store concept, and leasehold improvements. As a result, Lessor shall, without charge, permit Franchisee to comply with standard changes and updates by Franchisor to its brand, signs, store concept, and leasehold improvements; provided that such changes and updates are not in violation of the express terms of the Lease. In the event that Lessor approval for such changes and updates is required under the Lease, such approval shall not be unreasonably withheld.

11. Franchisor shall have the right, but not the obligation, to enter the Premises to take any action necessary, without damage to the Premises, to protect the HEYDAY Shop brand within thirty (30) days after Franchisor receives a notice of termination or expiration of the Lease from Lessor (if Franchisor does not exercise its right to receive an assignment of the lease), including, but not limited to, the right to remove, alter, or repaint any signage or proprietary items identifying Franchisor. Any material alterations, design, or color changes shall require prior Lessor approval, which approval shall not be unreasonably withheld.

12. Franchisee may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Lessor will not consent to an assignment or subletting by Franchisee without first verifying that Franchisor has given its written consent to Franchisee's proposed assignment or subletting.

13. Franchisee shall be and remain liable to Lessor for all of its obligations under the Lease, notwithstanding any assignment of the Lease to Franchisor or another permitted party. Franchisor shall be entitled to recover from Franchisee all amounts it pays to Lessor to cure Franchisee's defaults under the Lease, including Franchisor's reasonable collection costs.

14. If the Lease contains term renewal or extension right(s) or other lease options and Franchisee allows the term to expire without exercising such right(s), Lessor shall give Franchisor written notice to this effect, and Franchisor shall have the option for thirty (30) days following receipt of such notice to exercise Franchisee's renewal or extension right(s) or lease options on the same terms and conditions as are contained in the Lease. If Franchisor elects to exercise such right(s), it shall notify Lessor in writing, at which time Lessor and Franchisor shall promptly execute and exchange an agreement whereby Franchisor assumes the Lease effective at the date of termination of any holdover period by Franchisee.

/15. Franchisor is an intended third-party beneficiary under the provisions set forth above with independent rights to enforce them, and neither Lessor nor Franchisee may alter or limit any of those provisions without Franchisor's prior written approval.

16. Lessor agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Lessor and Franchisee to the address shown in paragraph 4 above.

This Rider amends the Lease between Lessor and Franchisee. The parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged.

**IN WITNESS WHEREOF**, the parties have executed this Rider as of the date first above written.

**LESSOR:** \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT E**  
**TO THE HEYDAY FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

**SAMPLE FORM OF CONFIDENTIALITY AGREEMENT**

In consideration of my employment or contract with and/or interest in \_\_\_\_\_ (the “**Franchisee**”) and the salary, honorariums, wages, and/or fees paid to me, I acknowledge that **HEYDAY FRANCHISE LLC**, a Delaware limited liability company having its principal place of business at 251 Little Falls Drive, Wilmington, Delaware 19808 (“**HFLLC**”), has imposed the following conditions on the Franchisee, any owner of the Franchisee, and the Franchisee’s officers, directors, and senior personnel. As a condition of performing services for or having an interest in Franchisee, I agree to accept the following conditions without limitation:

1. Without obtaining HFLLC’s prior written consent (which consent HFLLC may withhold in its sole discretion), I will (i) not disclose, publish, or divulge to any other person, firm, or corporation, through any means, any of HFLLC’s Confidential Information either during or after my employment by or association with Franchisee, (ii) not use the Confidential Information for any purposes other than as related to my employment or association with Franchisee, and (iii) not make copies or translations of any documents, data, or compilations containing any or all of the Confidential Information, commingle any portion of the documents, data, or compilations, or otherwise use the documents, data, or compilations containing Confidential Information for my own purpose or benefit. I also agree to surrender any material containing any of HFLLC’s Confidential Information upon request or upon termination of my employment or association with Franchisee. I understand that the Operations Source is provided by HFLLC to Franchisee for a limited purpose, remains HFLLC’s property, and may not be reproduced, in whole or in part, without HFLLC’s prior written consent.

For purposes of this Agreement, “**Confidential Information**” means certain information, processes, methods, techniques, procedures, and knowledge, including know-how (which includes information that is secret and substantial), manuals, and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by HFLLC relating directly or indirectly to the development or operation of a HEYDAY Shop. With respect to the definition of know-how, “**secret**” means that the know-how as a body or in its precise configuration is not generally known or easily accessible, and “**substantial**” means information that is important and useful to Franchisee in developing and operating Franchisee’s Shop. Without limiting the foregoing, Confidential Information includes, but is not limited to:

- i. information in the Operations Source and Brand Standards;
- i. layouts, designs, and other plans and specifications for HEYDAY Shops;
- ii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating HEYDAY Shops;

- iii. marketing research and promotional, marketing, and advertising programs for HEYDAY Shops;
- iv. the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms;
- v. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that HEYDAY Shops use and sell;
- vi. knowledge of the operating results and financial performance of HEYDAY Shops other than Franchisee's Shop;
- vii. customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;
- viii. all Data and all other information generated by, or used or developed in, the Shop's operation, including Consumer Data, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- ix. any other information HFLLC reasonably designates as confidential or proprietary.

2. If there is a dispute or question arising out of the interpretation of this Agreement or any of its terms, the laws of the State of [ ] will govern. *[Insert franchisee's home state.]*

3. I acknowledge receipt of a copy of this Agreement and that I have read and understand this Agreement. This Agreement may not be modified except in writing with the prior approval of an officer of each of Franchisee and HFLLC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Check the following that applies:

Owner

Officer

Senior Personnel

Director

**EXHIBIT C**

**DEVELOPMENT RIGHTS AGREEMENT**

**HEYDAY FRANCHISE LLC**  
**DEVELOPMENT RIGHTS AGREEMENT**

This **Development Rights Agreement** (the “DRA”) is made by and between **Heyday Franchise LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”). This DRA is effective as of the date we sign it, which is set forth next to our signature on the Signature Page at the end (the “Effective Date”).

**RECITALS**

A. We and certain of our affiliates have created, designed, and developed a skincare shop concept identified by the Marks (defined below) that currently provides, following a proprietary system, various skincare services and products in a warm and inviting retail environment.

B. We and such affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for this skincare shop concept, including “HEYDAY®,” and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the “Marks”).

C. One of our affiliates currently owns all aspects of the HEYDAY branded system and licenses that intellectual property to us for use in our franchise program for HEYDAY skincare shops (“HEYDAY Shops”).

D. We offer and grant franchises to operate a HEYDAY Shop using the HEYDAY business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we and our affiliates periodically may improve, further develop, and otherwise modify.

E. Simultaneously with signing this DRA, we and you (or your Approved Affiliate, as defined in Section 2 below) also are signing as of the Effective Date a franchise agreement (the “First Franchise Agreement”) for the construction, development, and operation of the first HEYDAY Shop to be developed within the Protected Radius (defined below). We and you are signing this DRA because you want the right to construct, develop, and operate multiple HEYDAY Shops within the Protected Radius over a certain time period (besides the HEYDAY Shop covered by the First Franchise Agreement), and we are willing to grant you those development rights if you comply with this DRA’s terms.

**Now, therefore**, in consideration of the mutual covenants, agreements, and obligations set forth in this DRA, we and you agree as follows:

1. **Grant of Development Rights.**

(a) Subject to your strict compliance with this DRA, we grant you the right (directly or through your Approved Affiliates) to construct, develop, and operate \_\_\_\_\_ (\_\_\_\_) new HEYDAY Shops (including the HEYDAY Shop covered by the First Franchise Agreement), according to the



mandatory development schedule described in Exhibit A to this DRA (the “Schedule”), within the distinct development areas (each a “Development Area”) narratively described and/or pictorially identified in Exhibit B, all of which are encompassed within the larger geographic area also narratively described and/or pictorially identified in Exhibit B (the latter defined as the “Protected Radius”). HEYDAY Shops that we permit you (or your Approved Affiliates) to construct, develop, and operate at or within “Non-Traditional Venues” (defined below) physically located within a Development Area encompassed within the Protected Radius do not count toward your compliance with the Schedule.

(b) If you (and your Approved Affiliates, as applicable) are fully complying with all of your (and their) obligations under this DRA, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and your Approved Affiliates, as applicable) for the construction, development, and operation of HEYDAY Shops, then during this DRA’s term only, we (and our affiliates) will not—except with respect to HEYDAY Shops proposed to be located at or within Non-Traditional Venues—establish and operate, or grant to others the right to establish and operate, HEYDAY Shops that have their physical locations within the Protected Radius. We (and our affiliates) reserve the right without any restrictions whatsoever to pursue and establish, or franchise or license others to pursue and establish, HEYDAY Shops to be located at or within Non-Traditional Venues having their physical locations within the Protected Radius. A “Non-Traditional Venue” is defined in this DRA to mean a captive-venue location such as an airport, airport terminal, or other type of transportation facility (for example, a train or bus station), department stores, retail super-stores, and other retail businesses (for example, pharmacies, drug stores, and other “store-in-store” opportunities), university and college campuses, military facilities, entertainment and sports complexes, hotels and other lodging facilities, casinos, and similar venues. These rights with respect to Non-Traditional Venues are reserved whether or not you (or your Approved Affiliate) also could have the opportunity (if approved by us) to pursue a HEYDAY Shop to be located at or within that Non-Traditional Venue.

Our, our affiliate’s, or another franchisee’s or licensee’s establishment and operation of a HEYDAY Shop at or within a Non-Traditional Venue physically located in the Protected Radius will not count toward your compliance with the Schedule. As noted above, HEYDAY Shops that we permit you (or your Approved Affiliates) to establish and operate at or within a Non-Traditional Venue physically located within a Development Area encompassed within the Protected Radius likewise do not count toward your compliance with the Schedule.

For the avoidance of all doubt, you acknowledge that we (and our affiliates) also reserve the rights described in Section 8 of this DRA.

(c) The location exclusivity described in clause (b) above (with the noted exceptions for Non-Traditional Venues and subject to this DRA’s terms, including Section 8) is the only restriction on our (and our affiliates’) activities within the Protected Radius during this DRA’s term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within and throughout the Protected Radius, including, without limitation, the types of activities in which we and our affiliates reserve the right to engage (in a HEYDAY Shop’s “Area of Protection”) under Section 3.D of the First Franchise Agreement. After this DRA expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to:

(i) establish and operate, and grant to others the right to establish and operate, HEYDAY Shops having their physical locations within the Protected Radius, subject only to your (or an Approved Affiliate's) rights within an Area of Protection under a franchise agreement with us then in effect; and

(ii) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within and throughout the Protected Radius.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS DRA. YOUR RIGHTS UNDER THIS DRA ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE HAVE THE RIGHT TO ENFORCE THIS DRA STRICTLY.

## 2. **Development Obligations.**

(a) To maintain your rights under this DRA, you (and/or your Approved Affiliates) must, by the deadlines specified in the Schedule, (i) sign franchise agreements and Shop Opening Services Agreements for each HEYDAY Shop required to be developed within the Protected Radius pursuant to this DRA, (ii) find an acceptable site—and sign an acceptable lease or otherwise secure the real estate—for each such Shop, and then (iii) construct, develop, and have open and operating within the Development Areas encompassed within the Protected Radius, the agreed-upon minimum number of HEYDAY Shops.

(b) If you or your owners establish a new legal entity to construct, develop, and operate one or more of the HEYDAY Shops required to be developed pursuant to this DRA, and either (i) you own 100% of that legal entity or (ii) that legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "Approved Affiliate" under this DRA. However, if you do not own 100% of that new legal entity or that legal entity's ownership is not completely identical to your ownership, you first must seek our approval for that new entity to be permitted to construct, develop, and operate the proposed HEYDAY Shop as an Approved Affiliate. We have the right to refuse any such request if you and/or your owners do not (1) own and control at least two-thirds (67%) of the new entity's ownership interests and (2) have the authority to exercise voting and management control of the HEYDAY Shop proposed to be owned by the new entity.

(c) You (and/or your Approved Affiliates) will operate each HEYDAY Shop under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you and your owners (or your Approved Affiliate and its owners) must sign for each HEYDAY Shop to be constructed and developed pursuant to this DRA will be our then-current form of franchise agreement (and related documents, including Guaranty and Assumption of Obligations), any or all terms of which may differ substantially and materially from any or all terms contained in the First Franchise Agreement. However, the Royalty specified under our then-current form of franchise agreement will (if greater than the Royalty specified in the First Franchise Agreement) be modified for the initial franchise term of each subsequent HEYDAY Shop to be constructed and developed pursuant to this DRA to be the same as the Royalty specified in the First Franchise Agreement if you (and your Approved Affiliates) are not then in default under this DRA, the First Franchise Agreement, or any other

franchise agreement then in effect. between us and you (and your Approved Affiliates) for HEYDAY Shops. If you (and your Approved Affiliates) are then in default under this DRA, the First Franchise Agreement, or any other franchise agreement then in effect between us and you (and your Approved Affiliates) for HEYDAY Shops, then the Royalty will remain as stated in our then-current form of franchise agreement and will not be changed.

(d) Each of your (and your Approved Affiliates') HEYDAY Shops within the Development Areas encompassed within the Protected Radius must be open and operating by the dates specified in the Schedule, subject only to any extensions expressly permitted and granted under that HEYDAY Shop's franchise agreement. Any extension granted under one of your (or your Approved Affiliates') franchise agreements will apply only to the HEYDAY Shop for which you (or your Approved Affiliate) obtained the extension. That extension will not extend, delay, or otherwise impact any other deadline under the Schedule. To retain your rights under this DRA, each HEYDAY Shop constructed, developed, and opened pursuant to this DRA must operate continuously throughout this DRA's term in full compliance with its franchise agreement.

3. **Subfranchising and Sublicensing Rights.** This DRA does not give you any right to franchise, license, subfranchise, or sublicense others to construct, develop, and operate HEYDAY Shops. Only you (and/or your Approved Affiliates) have the right to construct, develop, open, and operate HEYDAY Shops pursuant to this DRA. This DRA also does not give you (or your Approved Affiliates) any independent right to use the HEYDAY® trademark or the other Marks. The right to use the Marks is granted only under a franchise agreement signed directly with us. This DRA only grants you potential development rights if you fully comply with its terms.

4. **Development Fee.** As consideration for the development rights we grant you under this DRA, you must pay us a total of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Development Fee") when you sign this DRA. This DRA will not be effective, and you will have no development rights, until we receive the Development Fee. No separate initial franchise fee is due when you (or your Approved Affiliate) sign a franchise agreement for a HEYDAY Shop to be constructed and developed within the Protected Radius pursuant to this DRA. The Development Fee is:

- (a) consideration for the rights we grant you in this DRA and for reserving the Protected Radius for you to the exclusion of others (except with respect to Non-Traditional Venues and subject to our rights in Section 8) while you are in compliance with this DRA;
- (b) fully earned by us when we and you sign this DRA; and
- (c) not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this DRA for that reason.

5. **Grant of Franchises and Site Selection/Leasing Process for HEYDAY Shops.**

(a) You must locate, evaluate, and select each Shop's site. You must give us or our Shop Development Team (see clause (d) below) all information and materials we request to assess each proposed Shop site. We and our Shop Development Team will not search for or select the site for you. In granting you development rights under this DRA, we are relying on your knowledge of the

real estate market in the Protected Radius and your ability to locate and access sites. You (or your Approved Affiliate) are solely responsible for finding and selecting each Shop site.

(b) We will give you our then-current criteria for HEYDAY Shop sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, ingress and egress, size, and other physical and commercial characteristics) to help in the site-selection process. We will not unreasonably withhold site acceptance if, in our and our affiliates' experience and based on the factors identified above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for HEYDAY Shops. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen, while acceptable to us, is not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a HEYDAY Shop. We and our Shop Development Team will use reasonable efforts to review and accept (or not accept) sites you propose within twenty-one (21) days after receiving all requested information and materials. We and our Shop Development Team have the right (but no obligation) to visit each Development Area encompassed within the Protected Radius to review potential Shop sites you propose. You have no right to proceed with a site that we and our Shop Development Team have not accepted.

(c) You also must send us for written acceptance, which we and our Shop Development Team will not unreasonably withhold, any lease, sublease, or other document that will govern your occupancy and lawful possession of each HEYDAY Shop before you sign it. You have no right to sign any lease, sublease, or other document that we and our Shop Development Team have not accepted in writing. We and our Shop Development Team have the right (but no obligation) to guide you in the leasing process but will not negotiate the lease, sublease, or other document for you or provide any legal advice. You (or your Approved Affiliate) are solely responsible for negotiating the lease, sublease, or other occupancy agreement. We and our Shop Development Team will use reasonable efforts to review and accept (or not accept) your proposed lease, sublease, or other occupancy agreement within twenty-one (21) days after receiving all requested information and materials. Our or the Shop Development Team's review and acceptance of the lease, sublease, or other occupancy agreement is not a guarantee or warranty, express or implied, of the Shop's success or profitability or of the lease's suitability for your (or your Approved Affiliate's) business purposes. Such acceptance indicates only that we believe the site and the lease terms adequately protect our interests and/or the interests of other franchisees in the HEYDAY Shop system, to the extent those interests are implicated in the lease.

(d) You (or your Approved Affiliate) must hire (and contract directly with) our designated Shop Development Team (which may be us, one of our affiliates, or a designated third-party source) to provide certain real estate liaison (described in clauses (b) and (c) above) and Shop design, construction, development, and other related project-site services for each proposed HEYDAY Shop and pay the Shop Development Team its then-current fee before it commences work for you on the next HEYDAY Shop project. You (or your Approved Affiliate) also must pay the Shop Development Team (when incurred) its actual travel-related expenses (including coach or economy airfare, local transportation, accommodations in a facility subject to our approval, meals, and a daily allowance for reasonable miscellaneous expenses) (collectively, "TRE") for all on-site visits during the Shop's site selection, design, construction, and development phases.

(e) The Shop Development Team will hire on your (or your Approved Affiliate's) behalf outside service providers and vendors to perform the services and provide the goods encompassed within the design, construction, development, and related project-site services necessary to complete the Shop's construction and development, including design professionals, engineers, architects, and general contractors. The Shop Development Team will give you (or your Approved Affiliate) the opportunity to review and approve all contracts (such approval not to be withheld or delayed unreasonably) and has the right to require you (or your Approved Affiliate) to sign some or all project-related contracts directly with the service provider or vendor. You (or your Approved Affiliate) are responsible for and must pay all fees due to all service providers and vendors and must establish and fund a segregated bank account for each Shop's project on the terms we reasonably require. Neither we nor the Shop Development Team is responsible for delays in constructing, equipping, or decorating the Shop or for any loss or damage to you or any third party resulting from the performance or alleged non-performance of the service providers and vendors.

(f) Notwithstanding anything to the contrary above, you (and your Approved Affiliates) do not have the right under this DRA to reject (and therefore must accept) a proposed Shop site the location and physical and other characteristics of which, and the proposed commercial lease terms for which, our Franchise Real Estate Committee accepted after you (or your Approved Affiliate) submitted them for approval (a "Qualified Site").

(g) After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations) and Shop Opening Services Agreement for a HEYDAY Shop, their terms and conditions will control the design, construction, development, and operation of the HEYDAY Shop (except that the required deadlines are governed exclusively by the Schedule in this DRA).

(h) In addition to our rights with respect to proposed HEYDAY Shop sites, we have the right to delay your (and your Approved Affiliates') construction, development, and/or opening of additional HEYDAY Shops within each Development Area encompassed within the Protected Radius for the time period we deem best if at any time we believe in our sole judgment that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) for the construction, development, opening, and/or operation of the additional HEYDAY Shop in full compliance with our standards and specifications. We have the right to delay additional development and/or a HEYDAY Shop's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

6. **Term.** This DRA's term begins on the Effective Date and ends on the date when (a) you (or your Approved Affiliate) open for business the final HEYDAY Shop to be constructed and developed under the Schedule, or (b) this DRA otherwise is terminated, but in any event this DRA's term will end no later than <insert date>.

7. **Termination.** We have the right at any time to terminate this DRA and your rights under this DRA to develop HEYDAY Shops within the Protected Radius, such termination to be effective upon our delivery to you of written notice of termination, if:

(a) you fail to satisfy either your development obligations under the Schedule or any other obligation under this DRA, which defaults you have no right to cure (except for the circumstances described in Section 8 below); or

(b) you (or your Approved Affiliate) reject a Qualified Site for a HEYDAY Shop to be constructed and developed within the Protected Radius pursuant to this DRA; or

(c) the First Franchise Agreement or another franchise agreement between us and you (or your Approved Affiliate) for a HEYDAY Shop is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or

(d) we have delivered a formal written notice of default to you (or your Approved Affiliate) under the First Franchise Agreement or another franchise agreement between us and you (or your Approved Affiliate) for a HEYDAY Shop, and you (or your Approved Affiliate) fail to cure that default within the required timeframe; or

(e) you (or your Approved Affiliate), without our prior written approval, cease operating any HEYDAY Shop.

No portion of the Development Fee is refundable upon termination of this DRA or under any other circumstances. If we terminate this DRA solely because you fail to satisfy your development obligations under the Schedule or reject a Qualified Site for a HEYDAY Shop to be constructed and developed in the Protected Radius pursuant to this DRA, we will keep the full Development Fee but otherwise will not seek to recover damages from you due solely to such failures.

Termination of this DRA under any of clauses (a) through (e) above is not deemed to be the termination of any franchise rights because this DRA grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. While you will lose all further rights to develop HEYDAY Shops within the Protected Radius if this DRA is terminated, termination of this DRA does not affect any franchise rights previously granted under any then-effective individual franchise agreements.

## **8. Our Alternative Remedy for Your Rejection of Qualified Sites for HEYDAY Shops.**

(a) If you (or your Approved Affiliate) reject a Qualified Site for a HEYDAY Shop to be constructed and developed within the Protected Radius, and you (or your Approved Affiliate) do not correct that failure by accepting the Qualified Site within ten (10) days after we deliver written notice of default, then we have the right to terminate this DRA as provided in Section 7(b) above.

(b) We have the right not to terminate this DRA if you reject a Qualified Site. Instead of terminating this DRA or exercising any other right then available to us due to your default, we or our affiliate has the right to establish and operate, or grant to another franchisee or licensee the right to establish and operate, a HEYDAY Shop at that Qualified Site and to sign a lease for that Qualified Site (together, the “Qualified Site Lease Rights”).

(For the avoidance of all doubt, Qualified Site Lease Rights are exercisable more than once during this DRA's term. In addition, except as noted in clause (c) below, the exercise of the Qualified Site Lease Rights will not modify or otherwise affect your obligation to comply strictly with the Schedule. We have the right to terminate this DRA under Section 7 above if you do not timely satisfy your development obligations notwithstanding our or our affiliate's exercise (directly or through another franchisee or licensee) of the Qualified Site Lease Rights.)

(c) If we or our affiliate exercises the Qualified Site Lease Rights (directly or through another franchisee or licensee), we have the unilateral right to amend immediately the definition and scope of the Protected Radius in order to carve out and exclude from the Protected Radius the entire Development Area within which the HEYDAY Shop site that is the subject of the Qualified Site Lease Rights is located. (This excised Development Area is referenced as the "Carved-Out Area.") Our amendment of the Protected Radius definition and scope will be effective upon our delivery of written notice to you. Your Protected Radius definition otherwise will not be altered. After we deliver such written notice to you, you no longer will have any HEYDAY Shop development rights under this DRA in the Carved-Out Area.

(d) Our, our affiliate's, or another franchisee's or licensee's construction, development, and operation of a HEYDAY Shop within the Carved-Out Area, as permitted by the Qualified Site Lease Rights, will not count toward your compliance with the Schedule. Each time the Qualified Site Lease Rights are exercised, resulting in a new or additional Carved-Out Area, the number of HEYDAY Shops that you will have the right to construct, develop, and operate within the Protected Radius under this DRA will be reduced by one HEYDAY Shop. You will have the right to construct, develop, and operate the remaining reduced number of HEYDAY Shops only in the Development Areas that are still part of the Protected Radius. You are not entitled to any refund of any portion of the Development Fee in these circumstances.

## 9. **Assignment.**

(a) Your development rights under this DRA are not assignable at all. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of this DRA, a transfer of a controlling ownership interest in you or in an entity with a controlling ownership interest in you, or any other event attempting to assign the development rights. An assignment (direct or indirect) of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights). References to a "controlling ownership interest" in you or one of your owners (if an entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

(b) We have the right to change our ownership or form and/or assign this DRA to a third party without restriction. Specifically and without limiting the foregoing, you agree that we have the right to sell our assets (including this DRA), the Marks, or the HEYDAY Shop franchise system to a

third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

10. **Representations and Warranties.** You and your owners, jointly and severally, represent, warrant, and covenant to us that your execution and delivery of, and performance of your obligations under, this DRA have not violated and will not violate (a) any other agreement or commitment to which you or they are a party or by which you or they are otherwise bound, or (b) the rights of, or duties owed to, any third party.

11. **Indemnity.** To the maximum extent permitted by law, you and your owners, jointly and severally, agree to indemnify, defend, and forever hold harmless us and our parent and other affiliated entities, and our and their respective officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the “**Heyday Parties**”), against, and to reimburse the Heyday Parties for, any losses, liabilities, expenses, or damages (actual or consequential), including, without limitation, reasonable attorneys’, attorney assistants’, accountants’, and expert witness fees, collection costs, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which the Heyday Parties suffer directly or indirectly arising from or with respect to (a) any breach or alleged breach by you or your owners of any representation or warranty set forth in this DRA, or (b) any claim or allegation by any third party that our signing this DRA with you or granting you the development rights, or any related activities, violate any law or any rights of, or duty owed to, such third party. This indemnification obligation is in addition to the indemnification obligations currently referenced in Section 12 below.

12. **Incorporation of Other Terms.** Sections 9, 12, 20, 21, 23, and 24 of the First Franchise Agreement, titled “Confidential Information,” “Exclusive Relationship,” “Relationship of the Parties; Indemnification,” “Enforcement,” “Notices and Payments,” and “Electronic Mail,” respectively, including, without limitation, the arbitration obligations under Section 21.F of the First Franchise Agreement, are incorporated by reference in this DRA and will govern all aspects of this DRA and our and your relationship as if fully restated within the text of this DRA (whether or not the First Franchise Agreement is terminated before this DRA expires or is terminated).

This DRA and all exhibits to this DRA constitute the entire agreement between the parties with respect to its subject matter and supersede any and all prior negotiations, understandings, representations, and agreements with respect to its subject matter. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

13. **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to developers and franchisees that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any



franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**In Witness Whereof**, we and you have signed and delivered this DRA, to be effective as of the Effective Date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\*\*Effective Date

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**

**TO HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT**

**DEVELOPMENT SCHEDULE**

You agree to construct, develop, and open <\_\_\_\_\_> HEYDAY Shops in the Protected Radius, including the HEYDAY Shop that is the subject of the First Franchise Agreement, and to sign the Franchise Agreements and Shop Opening Services Agreements relating to those HEYDAY Shops, according to the following Schedule:

<b>New HEYDAY Shop</b>	<b>Deadline by Which Franchise Agreement and Shop Opening Services Agreement for each New Shop Must be Signed by You (or Approved Affiliate)</b>	<b>Deadline by which You (or Approved Affiliate) Must Identify and Secure (by Lease or Other Occupancy Agreement) an Acceptable Shop Site</b>	<b>Deadline by Which New Franchised HEYDAY Shop Must be Opened by You (or Approved Affiliate) and Operating in Protected Radius</b>
#1	Concurrently with this DRA		
#2			
#3			
#4			
#5			

*[Add Rows as Necessary]*

*[Signature Page Follows]*

**HEYDAY FRANCHISE LLC, a**  
Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**DEVELOPER**

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B**

**TO HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT**

**DESCRIPTION OF DEVELOPMENT AREAS AND PROTECTED RADIUS (below  
and/or attached)**

**HEYDAY FRANCHISE LLC, a**  
Delaware limited liability company

**DEVELOPER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

**TO HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT**

**DEVELOPER AND ITS OWNERS**

**Effective Date: This Exhibit C is current and complete as of <Date>**

**Form.** Developer was incorporated or formed on <Date>, under the laws of the State of \_\_\_\_\_. Developer has not conducted business under any name other than its corporate, limited liability company, or partnership name and (if applicable) \_\_\_\_\_. The following lists Developer’s directors or managers (if applicable) and officers as of the effective date shown above:

<u>Name</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**Owners.** The following lists the full name of every person who or entity that is, as of the effective date shown above, one of Developer’s direct or indirect owners and fully describes the nature of each owner’s interest (attach additional pages if necessary):

<u>Owner’s Name</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

*[Signature Page Follows]*

**HEYDAY FRANCHISE LLC,** a  
Delaware limited liability company

**DEVELOPER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D**

**OPERATIONS SOURCE TABLE OF CONTENTS**

# Shop Leader

<b>Day in the Life (DIL)</b>
DIL - Shop Manager
DIL - Assistant Shop Manger
DIL - Shop Attendant

<b>Internal Communication</b>
Posting Prospr Bulletins

<b>Inventory</b>
Ordering Supplies on Order Now
Cleaning Product Specs
Ordering Supplies - Dry Goods
Ordering Supplies - Diamond Tip
Receiving Shipment
Counting Inventory
Managing Backbar Usage
Inventory Adjustments (Damage, Testers, Theft)
Reviewing a Product Purchase Order - FP Only
Treatment Room Inventory Tracker

<b>People</b>
Friends + Family Day
How to Deliver a PDP
Skin Therapist Monthly PDP
Shop Educator Monthly PDP
Shop Manager Quarterly PDP
Host/CEL Monthly PDP
Shop Attendant Monthly PDP
Performance Tracker
Adding an Employee to Prospr
Boulevard User Management
Scheduling Skin Therapists
Scheduling FOH and Shop Attendant

<b>Operations</b>
Balancing Books
SM/ASM Weekly Touch Base
SM/SE Weekly Touch Base
Ringing out a missed enhancement - MGR Only
Merchandising Retail Shelves
Monthly Facilities Walkthrough
Ordering Gift Cards
Activating Your Heyday Pro Account

<b>Marketing</b>	
Grassroots Toolkit	<b>Swag Shop</b>
Marketing A-Frame Placement	<b>Ordering Shop Collaterall on Moo</b>

<b>Returns</b>
Refunds - Appointments/Enhancements
Reassigning Commission - MGR Only



# Skin Therapist

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## Day in the Life (DIL)

DIL - Skin Therapist

DIL - Shop Educator

## Operations

Skin Therapist Opening Preparation

Treatment Room Chair Draping 

Skin Therapist Closing Sanitation

Facial Standards Guide

Treatment Room Set-Up (Built-In)

Treatment Room Set-Up (Trolley)

Power Hour Best Practices

## Shop Educator

Facilitating a Group Practical

Training - Tracking Training Hours

Training - Lesson Plans



= Video Demonstration Available

# Front of House

<b>Day in the Life (DIL)</b>
Day in the Life - Host
Day in the Life - Client Experience Lead

<b>Appointment Management</b>
Client Check-in
Client Checkout
Booking an Appointment
Scheduling Group Bookings
Rescheduling an Appointment
Adding Enhancements to an Appointment
Processing a Late Client Fee
Appointment Cancellations
Checking-Out Multiple Appointments
Assigning Commission During Checkout
Waitlist Client Management
Boulevard Client Messaging Templates
Boulevard Client Profile Management
Adding a Referral Credit






<b>Membership</b>
Selling a Membership
Selling a Tax Exempt Membership
Convert Membership Benefit to Gift Card
Membership Voucher Rollover
Sharing Member Vouchers
Membership Pause
Membership Cancellation
Resolving Memberships that are Past Due
Redeeming a Member's 2nd Monthly Facial
Selling an Individual Member Facial Voucher
Membership Redemption Across Shop Tiers
NSO FTFO Redemption with Membership Sale

<b>Gift Cards and Returns</b>
Selling a Gift Card
Locating Gift Card Information
Redeeming Gift Cards in Shop
In-Shop Product Returns
Online Returns In-Shop
<b>Sales</b>
Checking Out a Non-Appointment Sale
Redeeming Offer Codes
Tax Exempt Sales
<b>Client Experience Lead</b>
Responding to AskNicely Feedback

<b>Objection Handling and Support</b>
Escalated Client Feedback
Clients with No Payment Method
Clients Paying with Cash
Kustomer Navigation & Emailing Clients
Using Boulevard Support
Submitting a Facilities Ticket on Prospr
<b>Discount for Support Office Employees</b>
Contacting 1st Time Clients Who Haven't Rebooked
Daily Prospr Updates

# Shop Set-Up

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Equipment
Set-Up Guide - DUO
Set-Up Guide - 8×8
Set-Up Guide - Microcurrent 
Set-Up Guide - Diamond Tip 
Set-Up Guide - LED 
Set-Up Guide - BT Micro 
Set-Up Guide - High Frequency 
Set-Up Guide - Front Desk
Supply Storage Standards
Bulletin Board Set-Up



= Video Demonstration Available

# Hospitality

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## The Heyday Way

The Heyday Way

## Host Cheat Sheets

Setting New Client Expectations

Walk-In Clients

Client Check-In

Client Check-Out

Recommending Membership

Host Rebooking

Appointment Cancellations

Clients Who Arrive Late

## Skin Therapist Cheat Sheets

Recommending Enhancements

Building Home Care Routines

Skin Therapist Rebooking

**EXHIBIT E**

**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

**STATE AGENCIES/AGENTS  
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

**CALIFORNIA**

Website: [www.dfpi.ca.gov](http://www.dfpi.ca.gov)  
Email: [ask.DFPI@dfpi.ca.gov](mailto:ask.DFPI@dfpi.ca.gov)

Commissioner of Department of Financial  
Protection & Innovation  
Department of Financial Protection &  
Innovation  
Toll Free: 1 (866) 275-2677

***Los Angeles***

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013-2344  
(213) 576-7500

***Sacramento***

2101 Arena Boulevard  
Sacramento, California 95834  
(866) 275-2677

***San Diego***

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 525-4233

***San Francisco***

One Sansome Street, Suite 600  
San Francisco, California 94104-4428

(415) 972-8559

**HAWAII**

(for service of process)

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

(for other matters)

Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2722

**ILLINOIS**

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

**INDIANA**

(for service of process)

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

(state agency)

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

**MARYLAND**

(for service of process)

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

(state agency)

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

**MICHIGAN**

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
(517) 335-7567

**MINNESOTA**

Commissioner of Commerce  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1500

**NEW YORK**

(for service of process)

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

(Administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8236

**NORTH DAKOTA**

(for service of process)

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-4712

(state agency)

North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-2910

**OREGON**

Oregon Division of Financial Regulation  
350 Winter Street NE, Suite 410  
Salem, Oregon 97301  
(503) 378-4140

**RHODE ISLAND**

Securities Division  
Department of Business Regulations  
1511 Pontiac Avenue  
John O. Pastore Complex-Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9500

**SOUTH DAKOTA**

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

**VIRGINIA**

(for service of process)

Clerk, State Corporation Commission  
1300 East Main Street  
First Floor  
Richmond, Virginia 23219  
(804) 371-9733

(for other matters)

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

**WASHINGTON**

(for service of process)

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

(for other matters)

Department of Financial Institutions  
Securities Division  
P. O. Box 9033  
Olympia, Washington 98501-9033  
(360) 902-8760

**WISCONSIN**

(for service of process)

Administrator, Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-2139

(state administrator)

Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-9555



**EXHIBIT F**

**FRANCHISEE REPRESENTATIONS DOCUMENT**

**(This Franchisee Representations Document will not be used if the franchise is to be operated in, or you are a resident of, California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

**HEYDAY FRANCHISE LLC**  
**FRANCHISEE REPRESENTATIONS**

**DO NOT SIGN THESE FRANCHISEE REPRESENTATIONS IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**Do not sign this Franchisee Representations if you are a resident of Maryland or the business is to be operated in Maryland.**

**Important Instructions:** Heyday Franchise LLC (“we,” “us,” or “our”) and you are preparing to sign a Franchise Agreement for the construction, development, and operation of a HEYDAY® Shop (the “Shop”) and, if applicable, a Development Rights Agreement for the construction, development, and operation of multiple HEYDAY® Shops. This document’s purpose is to determine whether any statements or promises were made to you that do not appear in or are inconsistent with our franchise documents and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. We will take actions in reliance on the truth of what it says.

Name of Prospective Franchisee: \_\_\_\_\_  
(the “Franchisee”)

Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has conducted its, his, or her own independent investigation of us, our affiliates, the Franchise System (as that term is used in our Franchise Agreement), the risks, burdens, and nature of the business that Franchisee will conduct under the Franchise Agreement, the Shop, the shopping center or other location for the Shop (if already selected), and the Shop’s market area.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

2. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk, and any success or failure will be substantially influenced by Franchisee’s ability and efforts, the viability of the Shop’s location, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

3. Each of the undersigned understands that we previously signed, and in the future have the right to sign, franchise and other agreements with provisions different from the provisions of the Franchise Agreement for the Shop.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

4. If we unilaterally made material changes in Franchisee’s final, ready-to-be signed copies of the Franchise Agreement, Development Rights Agreement, and related documents (other than as a result of our negotiations with Franchisee), Franchisee has had possession of those documents for at least seven (7) calendar days before signing them and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning those documents.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

5. Franchisee has received our franchise disclosure document (“FDD”) at least 14 calendar days before signing the Franchise Agreement and Development Rights Agreement, or paying any consideration to us or our affiliate in connection with this franchise, and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning the FDD.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

**[If Franchisee is based or will operate in Michigan, Franchisee also has received the FDD at least ten (10) business days before both signing the Franchise Agreement (and Development Rights Agreement (if applicable)) and paying any consideration to us or an affiliate in connection with this franchise.]**

**[If Franchisee is based or will operate in New York, Franchisee also has received the FDD at the earlier of our first personal meeting with Franchisee to discuss the franchise opportunity but at least ten (10) business days before both signing the Franchise Agreement (and Development Rights Agreement (if applicable)) and paying any consideration to us or an affiliate in connection with this franchise.]**

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

6. Except as provided in Item 19 of our FDD, we and our affiliates and agents have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the Shop or any other business, except: (None, unless something is filled-in here or provided on additional sheets)

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**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

7. Each of the undersigned understands that:

7.1 Except as provided in Item 19 of our FDD, we do not authorize our affiliates, or our or their respective officers, directors, employees, or agents, to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any HEYDAY® Shop.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

7.2 Actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular HEYDAY® Shop.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

7.3 We have specifically instructed our affiliates, and our and their respective officers, directors, employees, and agents, that except as provided in Item 19 of our FDD, they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give other information as to income, sales volume, or profitability, either generally or with respect to any particular HEYDAY® Shop.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

8. Before signing the Franchise Agreement, Development Rights Agreement, and any related documents, the undersigned Franchisee has had ample opportunity: (a) to discuss the Franchise Agreement, Development Rights Agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (b) to contact our existing franchisees; and (c) to investigate all statements and information made or given by us or our affiliates, or our or their respective officers, directors, employees, and agents, relating to the Franchise System, the Shop, and any other subject.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

9. Each of the undersigned understands that the Franchise Agreement licenses certain rights for one, and only one, HEYDAY® Shop, located only at the location now specified (or to be specified) in the Franchise Agreement, and that, except as may be provided in the Franchise Agreement or a signed Development Rights Agreement with us, no “exclusive,” “expansion,” “protected,” “non-encroachable,” or other territorial rights, rights of first refusal, or rights of any other kind are granted or have been promised concerning the shopping center or other structure in which the Shop is located, the contiguous or any other market area of the Shop, or any other existing or potential HEYDAY® Shop or geographic territory.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

11. Each of the undersigned has confirmed that no employee or agent of ours or our affiliates, or other person speaking on our behalf, has made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance we will furnish to Franchisee that is contrary to, or different from, the information contained in the FDD and the Franchise Agreement.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

12. Each of the undersigned understands that we and our affiliates have the right to sell or transfer our assets, our trademarks, and/or the HEYDAY® Shop Franchise System outright to a third party; go public; engage in a private placement of some or all of our and our affiliates’ securities; merge, acquire other companies, or be acquired by another company; and/or

undertake a refinancing, a recapitalization, a securitization, a leveraged buy-out, or other economic or financial restructuring.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

13. The only state(s) in which each of the undersigned is a resident is (are): \_\_\_\_\_.

---

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

14. Each of the undersigned understands the importance of the Shop's location. The undersigned and Franchisee have had, or will have, ample opportunity and the means to investigate, review, and analyze independently the Shop's location, the shopping center or other building in which it is contained, the market area and all other facts relevant to the selection of a site for a HEYDAY® Shop, and the lease documents for such location.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

15. Each of the undersigned understands that neither our acceptance or selection of any location nor our negotiation or acceptance of any lease implies or constitutes any warranty, representation, guarantee, prediction, or projection that the location will be profitable or successful or that the lease is on favorable terms. It often is the case that leases are available only on very tough terms.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

16. Each of the undersigned understands that site selection is a difficult and risky proposition. We and our affiliates have not given (and will not give) any warranty, promise, guaranty, prediction, projection, or other statement or information regarding a location's prospects for success, nearby tenants or other attributes, or the form or contents of any lease. Franchisee will have any lease reviewed by its, his, or her own attorney and other advisors.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

17. The covenants and restrictions concerning competition contained in the Franchise Agreement and Development Rights Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or Franchisee. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature enabling each of them to derive income that is satisfactory to them from other endeavors.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

18. There is no fiduciary or confidential relationship between us and the undersigned or between us and Franchisee. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

19. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Franchise Agreement, the Development

Rights Agreement, this document, the Shop, any lease or sublease for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

20. Neither we or our affiliates, nor any of our or our affiliates' employees or agents, have provided the undersigned or Franchisee with services or advice that is legal, accounting, or other professional services or advice.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

21. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Franchise Agreement and Development Rights Agreement. The statements made in this document or the Franchise Agreement and Development Rights Agreement are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

22. Each of the undersigned understands that, in the franchise relationship, we and Franchisee will be independent contractors. Nothing is intended to make either Franchisee or us (or any affiliate of ours) a general or special agent, joint venturer, partner, or employee of the other for any purpose. We (and our affiliates) will not exercise direct or indirect control over the Shop's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, service, or the HEYDAY® Shop brand. We (and our affiliates) will not share or codetermine the terms and conditions of employment of the Shop's employees or affect matters relating to the employment relationship between Franchisee and the Shop's employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We (and our affiliates) will not be the employer or joint employer of the Shop's employees.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

23. The President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations, and the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and Franchisee hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with Franchisee, is: (a) a person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and Franchisee further covenant that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with them, will during the

term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

\*\*\*\*\*

**FRANCHISEE:**

[\_\_\_\_\_]

By: \_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Owners/executives of the Franchisee legal entity must sign below individually**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name Printed)

\_\_\_\_\_  
(Name Printed)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**EXHIBIT G**

**FORM OF GENERAL RELEASE**



**HEYDAY FRANCHISE LLC**

**GRANT OF FRANCHISOR CONSENT AND RELEASE BY FRANCHISEE**

Heyday Franchise LLC (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_ *[insert name of franchisee entity]* (“you” or “your”), currently are parties to a Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”) for the operation of a HEYDAY Shop at \_\_\_\_\_. You have asked us to \_\_\_\_\_ *[insert relevant detail]* (the “Action”). We currently have no obligation under your Franchise Agreement or otherwise to take the Action, or we have the right under the Franchise Agreement to condition our approval on your and your owners signing a release of claims. We are willing to take the Action if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below in consideration for our willingness to take the Action.

Consistent with the previous introduction, you, on behalf of yourself and your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our parent and other affiliated entities, and our and their respective current and former officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the “Heyday Parties”) from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, “Claims”), that you and any other Releasing Party now have, ever had, or, but for this Consent, hereafter would or could have against any Heyday Party arising out of or related in any way to (1) the Heyday Parties’ performance of or failure to perform their obligations under the Franchise Agreement before the date of your signature below, (2) our offer and grant to you of your HEYDAY Shop franchise, or (3) your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Heyday Parties.

The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. You and the other Releasing Parties acknowledge that you and they may after the date of the signatures below discover facts different from, or in addition to, those facts currently known to you and them, or which you and they now believe to be true, with respect to the Claims released by this document. You and the other Releasing Parties nevertheless agree that the release set forth in this document has been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common law principle that may provide that a general release does not extend to claims which are not known to exist at the time of execution.

You and the other Releasing Parties further covenant not to sue any Heyday Party on any Claim released by this paragraph and represent that you and they have not assigned any Claim released by this paragraph to any individual or entity that is not bound by this paragraph.

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

\*\*\*\*\*

[NOTE: The following language in brackets and bold type applies only when the franchisee operates in California or California law is deemed to apply. Remove the language in all other circumstances.]

[Each of the parties granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

**“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party.”**

**Each party granting a release and its authorized signatories hereto recognize that he, she, or it may have some claim, demand, or cause of action against the released parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Addendum. Each party granting a release and its authorized signatories hereby waive and relinquish every right or benefit which he, she or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.]**

If the Heyday Shop is located in Washington or you are a resident of Washington, the following shall apply:

This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**HEYDAY FRANCHISE LLC**

\_\_\_\_\_  
*[Name of Franchisee]*

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name of Owner]

\_\_\_\_\_  
[Signature and Date]

## **EXHIBIT H**

### **STATE-SPECIFIC ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS**

#### **NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
HEYDAY FRANCHISE LLC**

The following are additional disclosures for the Franchise Disclosure Document of HEYDAY FRANCHISE LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

**CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

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 14 DAYS PRIOR TO THE EXECUTION OF ANY AGREEMENT.

2. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE, [www.heydayskincare.com](http://www.heydayskincare.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

4. The following paragraph is added to the “Special Risks to Consider About This Franchise” page:

**Spousal Liability**. While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse’s marital and personal assets, including your house, could be lost if your franchise fails.

5. The following language is added at the end of Item 3 of the Franchise Disclosure Document:

Neither we, nor any person in Item 2 of the disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections

78a et seq., suspending or expelling such person from membership in that association or exchange.

6. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

The State of California has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee on the day you begin operating your HEYDAY Shop.

When applicable, we will defer the payment of the development fee due to us under a Development Rights Agreement on a prorated basis (i.e., per HEYDAY Shop) until such time as each HEYDAY Shop to which the prorated portion of the development fee relates opens for business. That prorated portion must be paid to us on the day that HEYDAY Shop opens for business. However, if the State of California removes or vacates the financial assurance condition to our franchise registration at any time before you have paid us the full development fee stated in the Development Rights Agreement, we have the right to require you to pay us immediately the remaining balance of the full development fee.

7. The following language is added to the “Remarks” column of the line-item titled “Interest” in Item 6 of the Franchise Disclosure Document:

The highest interest rate allowed under California law is 10% annually.

8. The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning transfer, termination, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, then the law will control.

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

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

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

The Franchise Agreement requires application of the laws of the State of Delaware. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed (currently Wilmington, Delaware), with the costs being borne equally by the parties (and with each party also bearing all of its own travel and related expenses during the arbitration). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

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

## **HAWAII**

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

The State of Hawaii has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee and, if applicable, the development fee on the day you begin operating your first HEYDAY Shop.

## **ILLINOIS**

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

The State of Illinois has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee

due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee and, if applicable, the development fee on the day you begin operating your first HEYDAY Shop.

2. The following language is added at the end of Item 6 of the Franchise Disclosure Document:

ITEM 6: OTHER FEES. This section contains 35 entries comprising 12 pages of fees and payments that you are obligated to pay, or might be obligated (depending on the circumstances) to pay, us or our affiliates during the franchise term.

3. The following statements are added at the end of Item 17 of the Franchise Disclosure Document:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement and Development Rights Agreement.

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 to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

## MARYLAND

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee and, if applicable, the development fee on the day you begin operating your first HEYDAY Shop.

2. The following language 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), titled Conditions for franchisor approval of transfer:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added to the end of the “Summary” section of Item 17(h) of the Franchise Disclosure Document, titled “Cause” defined – non-curable defaults:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The “Summary” section of Item 17(v) of the Franchise Disclosure Document, titled Choice of forum, is amended to read as follows:

Subject to your arbitration obligation, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

5. The “Summary” section of Item 17(w) of the Franchise Disclosure Document, titled Choice of law, is amended to read as follows:

Delaware law governs except for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the charts in Item 17 of the Franchise Disclosure Document:

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

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

## MINNESOTA

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:



The State of Minnesota has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee and, if applicable, the development fee on the day you begin operating your first HEYDAY Shop.

2. The following sentence is added to the “Remarks” column of the “Administrative Fee” line-item in Item 6 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 604.113, which puts a cap of \$30 on an NSF check.

3. The following paragraphs are added at the end of the charts in Item 17 of the Franchise Disclosure Document:

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

## **NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E 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 DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following language is added at the end of Item 3 of the Franchise Disclosure Document:

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 language is added to the end of Item 4 of the Franchise Disclosure Document:

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 U.S. 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 language is added to the end of Item 5 of the Franchise Disclosure Document:

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

5. The following language 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), titled 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) of the Franchise Disclosure Document, titled Termination by franchisee:

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

7. The following language is added to the end of the “Summary” section of Item 17(j) of the Franchise Disclosure Document, 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 language 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.

### **RHODE ISLAND**

1. The following language is added to the end of the “Summary” section of Item 17(v) of the Franchise Disclosure Document, titled Choice of forum:

Subject to arbitration requirements, litigation generally must be where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address at the time the action is commenced (it currently is in Wilmington, Delaware), except that, to the extent required by the Rhode Island Franchise Investment Act, you may bring an action in Rhode Island.

2. The following language is added to the end of the “Summary” section of Item 17(w) of the Franchise Disclosure Document, titled Choice of law:

Except for Federal Arbitration Act and other federal law, and except as otherwise required by the Rhode Island Franchise Investment Act, Delaware law applies.

### **VIRGINIA**

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

The State of Virginia has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee and, if applicable, the development fee on the day you begin operating your first HEYDAY Shop.

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

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 do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision might not be enforceable.

## **WASHINGTON**

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

The State of Washington has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced operating your HEYDAY Shop. You must pay us the initial franchise fee on the day you begin operating your HEYDAY Shop.

When applicable, we will defer the payment of the development fee due to us under a Development Rights Agreement on a prorated basis (i.e., per HEYDAY Shop) until such time as each HEYDAY Shop to which the prorated portion of the development fee relates opens for business. That prorated portion must be paid to us on the day that HEYDAY Shop opens for business. However, if the State of Washington removes or vacates the financial assurance condition to our franchise registration at any time before you have paid us the full development fee stated in the Development Rights Agreement, we have the right to require you to pay us immediately the remaining balance of the full development fee.

2. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, 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 us, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place

mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

**RIDER TO THE HEYDAY FRANCHISE LLC  
FRANCHISE AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the HEYDAY Shop you will operate under the Franchise Agreement was made in the State of California and you are a California resident, or (b) the HEYDAY Shop will operate in California.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

The State of California has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_ \*\*

\*\*Effective Date

\_\_\_\_\_

[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**RIDER TO THE HEYDAY FRANCHISE LLC  
FRANCHISE AGREEMENT  
FOR USE IN HAWAII**

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the HEYDAY Shop you will operate under the Franchise Agreement was made in the State of Hawaii, (b) the HEYDAY Shop you will operate under the Franchise Agreement will be located in Hawaii, or (b) you are a Hawaii resident.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

The State of Hawaii has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_ \*\*

\*\*Effective Date

\_\_\_\_\_

[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in Illinois and the HEYDAY Shop you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are an Illinois resident.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

The State of Illinois has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

3. **GOVERNING LAW.** Section 21.G of the Franchise Agreement is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs this Agreement.

4. **CONSENT TO JURISDICTION.** Section 21.H of the Franchise Agreement is deleted and replaced with the following:

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 to take place outside of Illinois.

5. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** The following language is added to the end of Sections 21.I and 21.J of the Franchise Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as a new Section 25 of the Franchise Agreement:

25. **ILLINOIS FRANCHISE DISCLOSURE ACT**

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\_\_\_\_\_  
[Name]

\*\*Effective Date

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, or (b) the HEYDAY Shop you will operate under the Franchise Agreement will be located in Maryland.

2. **ACKNOWLEDGMENTS.** Sections 2(7) through 2(14) of the Franchise Agreement are hereby deleted.

3. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

4. **RELEASES.** The following language is added at the end of Sections 4.B, 16.C(2)(i), 16.G, 17, and 19.F(iii) of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, such a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW.** The following language is added to the end of Section 21.G of the Franchise Agreement:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **CONSENT TO JURISDICTION.** The following language is added at the end of Section 21.H of the Franchise Agreement:

Notwithstanding the foregoing, and subject to your arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

8. **REPRESENTATIONS.** The following language is added to the end of the Franchise Agreement:

All representations requiring you to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC,** a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\_\_\_\_\_  
[Name]

\*\*Effective Date

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the HEYDAY Shop you will operate under the Franchise Agreement will be located in Minnesota, or (b) any of the franchise offer or sales activity occurred in Minnesota.

2. **RELEASES.** The following language is added to the end of Sections 4.B, 16.C(2)(i), 16.G, 17, and 19.F(iii) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

3. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

The State of Minnesota has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

4. **TERMINATION.** The following language is added to the end of Section 18.B of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

5. **GOVERNING LAW.** The following language is added to the end of Section 21.G of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

6. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 21.H of the Franchise Agreement:

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

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Sections 21.I and 21.J of the Franchise Agreement are deleted in their entirety.

8. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC,** a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\*\*Effective Date

**RIDER TO THE HEYDAY FRANCHISE LLC  
FRANCHISE AGREEMENT  
STATE OF NEW YORK**

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of New York and the HEYDAY Shop you will operate under the Franchise Agreement will be located in New York, or (b) any of the franchise offer or sales activity occurred in New York.

2. **RELEASES.** The following language is added to the end of Sections 4.B, 16.C(2)(i), 16.G, 17, and 19.F(iii) of the Franchise Agreement:

Notwithstanding the foregoing, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TRANSFER BY US.** The following language is added to the end of Section 16.A of the Franchise Agreement:

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

4. **TERMINATION BY YOU.** The following language is added to the end of Section 18.A of the Franchise Agreement:

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

5. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added at the end of Sections 21.G and 21.H of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.



6. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC, a**  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_\*\*

\_\_\_\_\_  
[Name]

\*\*Effective Date

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the HEYDAY Shop you will operate under the Franchise Agreement will be located in Rhode Island, or (b) any of the franchise offer or sales activity occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added at the end of Sections 21.G and 21.H of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\_\_\_\_\_  
[Name]

\*\*Effective Date

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE HEYDAY FRANCHISE LLC  
FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the HEYDAY Shop that you will operate under the Franchise Agreement will be located in Virginia.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

The State of Virginia has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ \*\*

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\*\*Effective Date

## WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, FRANCHISE REPRESENTATIONS, AND RELATED AGREEMENTS

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington, or (b) the HEYDAY Shop you will operate under the Franchise Agreement will be located or operated in Washington, or (c) any of the franchise offer or sales activity occurred in Washington.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 5.A. of the Franchise Agreement:

The State of Washington has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Initial Franchise Fee due to us under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced operating your HEYDAY Shop. You must pay us the Initial Franchise Fee on the day you begin operating your Shop.

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

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, 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 us, including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**FRANCHISEE**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_\*\*

\*\*Effective Date

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) the offer or sale of the development rights for the HEYDAY Shops you will develop under the Development Rights Agreement was made in the State of California and you are a California resident, or (b) the HEYDAY Shops will operate in California.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

The State of California has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA on a prorated basis (i.e., per HEYDAY Shop) until such time as each HEYDAY Shop to which the prorated portion of the Development Fee relates opens for business. That prorated portion must be paid to us on the day that HEYDAY Shop opens for business. However, if the State of California removes or vacates the financial assurance condition to our franchise registration at any time before you have paid us the full Development Fee stated in this DRA, we have the right to require you to pay us immediately the remaining balance of the full Development Fee.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN HAWAII**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed (a) the offer or sale of the development rights for the HEYDAY Shops you will develop under the Development Rights Agreement was made in the State of Hawaii, (b) the HEYDAY Shops that you will develop under the Development Rights Agreement will be located in Hawaii, or (b) you are a Hawaii resident.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

The State of Hawaii has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA until we have fulfilled all of our initial obligations to you and you have commenced operating your first HEYDAY Shop. You must pay us the Development Fee due under this DRA on the day you begin operating your first HEYDAY Shop.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Illinois and the Protected Radius in which you will develop HEYDAY Shops will be located in Illinois, or (b) you are an Illinois resident.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

The State of Illinois has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA until we have fulfilled all of our initial obligations to you and you have commenced operating your first HEYDAY Shop. You must pay us the Development Fee due under this DRA on the day you begin operating your first HEYDAY Shop.

3. **GOVERNING LAW.** Section 21.G of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement, is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs this Agreement.

4. **CONSENT TO JURISDICTION.** Section 21.H of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement, is deleted and replaced with the following:

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 to take place outside of Illinois.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added to the end of Sections 21.I and 21.J of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 13 of the Development Rights Agreement:

**13. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of Maryland, or (b) the Protected Radius in which you will develop HEYDAY Shops will be located in Maryland.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA until we have fulfilled all of our initial obligations to you and you have commenced operating your first HEYDAY Shop. You must pay us the Development Fee due under this DRA on the day you begin operating your first HEYDAY Shop.

3. **GOVERNING LAW.** The following sentence is added to the end of Section 21.G of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **CONSENT TO JURISDICTION.** The following sentence is added to the end of Section 21.H of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

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

5. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

However, you must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three (3) years after we grant you the franchise.

6. **ACKNOWLEDGMENTS**. The following language is added as a new Section 13 of the Development Rights Agreement:

**13. Acknowledgments.** All representations requiring you to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) the Protected Radius in which you will develop HEYDAY Shops will be located in Minnesota, or (b) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Minnesota.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

The State of Minnesota has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA until we have fulfilled all of our initial obligations to you and you have commenced operating your first HEYDAY Shop. You must pay us the Development Fee due under this DRA on the day you begin operating your first HEYDAY Shop.

3. **GOVERNING LAW.** The following sentence is added to the end of Section 21.G of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

4. **CONSENT TO JURISDICTION.** The following sentence is added to the end of Section 21.H of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

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

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Sections 21.J and 21.K of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement, are deleted in their entirety.

6. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of New York and the Protected Radius in which you will develop HEYDAY Shops will be located in New York, or (b) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in New York.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added to the end of Sections 21.G and 21.H of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

3. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the Protected Radius in which you will develop HEYDAY Shops will be located in Rhode Island, or (b) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added to the end of Sections 21.G and 21.H of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE HEYDAY FRANCHISE LLC  
DEVELOPMENT RIGHTS AGREEMENT  
FOR USE IN VIRGINIA**

**THIS RIDER** is made and entered into by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because the HEYDAY Shops that you will develop under the Development Rights Agreement will be located in Virginia.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

The State of Virginia has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA until we have fulfilled all of our initial obligations to you and you have commenced operating your first HEYDAY Shop. You must pay us the Development Fee due under this DRA on the day you begin operating your first HEYDAY Shop.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## WASHINGTON ADDENDUM TO THE DEVELOPMENT RIGHTS AGREEMENT

**THIS RIDER** is made by and between **HEYDAY FRANCHISE LLC**, a Delaware limited liability company whose principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**” or “**your**”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated \_\_\_\_\_, 20\_\_ (the “Development Rights Agreement”). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”) that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are domiciled in Washington, or (b) the Protected Radius in which you will develop HEYDAY Shops will be located in Washington, or (c) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Washington.

2. **DEVELOPMENT FEE.** The following language is added to the end of Section 4 of the Development Rights Agreement:

The State of Washington has required a financial assurance. Despite the payment provisions above, we will defer your payment of the Development Fee due to us under this DRA on a prorated basis (i.e., per HEYDAY Shop) until such time as each HEYDAY Shop to which the prorated portion of the Development Fee relates opens for business. That prorated portion must be paid to us on the day that HEYDAY Shop opens for business. However, if the State of Washington removes or vacates the financial assurance condition to our franchise registration at any time before you have paid us the full Development Fee stated in this DRA, we have the right to require you to pay us immediately the remaining balance of the full Development Fee.

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Development Rights Agreement:

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

RCW 19.100.180 may supersede the Development Rights Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Development Rights Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Development Rights Agreement, you may bring

an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Development Rights Agreement or elsewhere are void and unenforceable in Washington.

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**HEYDAY FRANCHISE LLC**, a  
Delaware limited liability company

**DEVELOPER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT I**

**SHOP OPENING SERVICES AGREEMENT**

**HEYDAY SHOP OPENING SERVICES, LLC  
SHOP OPENING SERVICES AGREEMENT**

**THIS SHOP OPENING SERVICES AGREEMENT** (this “**Agreement**”) is made and entered into effective as of the date of \_\_\_\_\_ (the “**Effective Date**”), by and between **HEYDAY SHOP OPENING SERVICES, LLC**, a Delaware limited liability company (“**Heyday**”), and \_\_\_\_\_, a/an \_\_\_\_\_ (“**Franchisee**”). Heyday and Franchisee may be referred to in this Agreement as a “**Party**” or the “**Parties**”.

**BACKGROUND**

- A. In connection with the opening of Franchisee’s business (the “**Business Venture**”), Heyday and Franchisee desire to enter into a contractual relationship for Heyday to provide its oversight of certain services relating to the site selection, design, development, and construction management of tenant improvements at a location to be determined (the “**Project**”).
- B. Franchisee will pay Heyday to perform or to cause others to perform such services on behalf of Franchisee.
- C. Franchisee knows and assumes the risks of the Business Venture. Neither Heyday’s negotiation or written acceptance of the services, contracts, or agreements it may negotiate on Franchisee’s behalf are a guarantee or warranty, express or implied, of either the Business Venture’s success or profitability or the services’, contracts’, or agreements’ suitability for Franchisee’s business purpose. Heyday cannot guarantee work performed in connection with any services, contracts, or agreements that Heyday negotiates. Heyday cannot predict or guarantee any outcomes related to the Business Venture or the Project.

**AGREEMENT**

In consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **ENGAGEMENT OF HEYDAY**

1.1 **Engagement of Heyday.** Franchisee retains Heyday to use commercially reasonable efforts to manage, arrange, supervise, and coordinate the items more particularly described in Section 3 below (collectively, the “**Development Services**”). Heyday accepts such engagement and agrees to perform the Development Services in accordance with the terms and conditions of this Agreement.

1.2 **Nature of Project.** Franchisee agrees that:

- (1) Franchisee has assumed and will continue to assume the risks of entering into the Business Venture, the Project, and this Agreement;
- (2) Heyday does not guarantee the performance of any Providers (defined in Section 4.1 below) or any other parties under the Project Contracts (defined in 4.2 below);

(3) Heyday's duties and responsibilities hereunder consist only of assisting Franchisee in managing, arranging, supervising, and coordinating the Development Services in a commercially reasonable manner;

(4) Heyday's performance hereunder is subject to the limitations of liability contained in this Agreement, which are a material inducement for Heyday to enter into this Agreement;

(5) Heyday is not itself preparing any architectural or engineering drawings, plans or reports, lease agreements, schematic or other designs, or any other plans or specifications, nor performing any construction required for the development or completion of the Project; and further (without implying or creating any liability or responsibility for Heyday for matters not set forth specifically herein);

(6) Heyday shall not be responsible for, nor shall it be liable for, any work, act, omission, negligence, gross negligence, or intentional misconduct of any other person or Providers.

## 2. FEE AND COST REIMBURSEMENTS

2.1 **Services Fee to Heyday.** Franchisee shall pay to Heyday a services fee of Fifty-Three Thousand dollars (\$53,000.00) based on the following payment schedule (the "Fee"). The payments are deemed fully earned by Heyday upon receipt of the monies, are non-refundable, and the provisions of this Article 2 shall survive the completion of the Development Services or any termination of this Agreement.

- First Payment Amount: Twenty-Seven Thousand Dollars (\$27,000)
- First Payment Due Date: Effective date of this Agreement
- Second Payment Amount: Twenty-Six Thousand Dollars (\$26,000)
- Second Payment Due Date: Within five (5) calendar days of FRC approval

### 2.2 Breakdown of Services Fee:

- (a) Market Planning Analysis: Five Thousand Dollars (\$5,000)
- (b) Real Estate Liaison: Four Thousand Five Hundred Dollars (\$4,500)
- (c) Real Estate Attorney (Legal): Ten Thousand Dollars (\$10,000)
- (d) Design Management: Sixteen Thousand Seven Hundred Fifty Dollars (\$16,750)
- (e) Construction Management: Sixteen Thousand Seven Hundred Fifty Dollars (\$16,750)

## 3. SCOPE OF SERVICES

3.1 **General Services.** Following the payment of the Fee, Heyday shall provide on behalf of Franchisee, the following Development Services with respect to the Project as necessary:



- (a) Market Planning Analysis:
  - (1) Assess potential sites proposed and submitted by Franchisee;
  - (2) Supports the preparation of real estate package for Franchise Real Estate Committee (“FRC”); and
  - (3) Follows up and assists in the lifting and approval of FRC approval contingencies (if needed).
- (b) Real Estate Liaison:
  - (1) Serves as a liaison between Franchisee Partners and Franchise Administration, Operations Service Team, Shop Development and Legal;
  - (2) Supports Franchisee’s selection and approval of local broker, who will lead identifying locations and negotiating Letter of Intent (“LOI”) terms; and
  - (3) Supports Franchisee’s engagement of local broker in: (1) vetting sites, (2) reviewing LOIs/work letters, (3) negotiation strategy, and (4) lease review support.
- (c) Real Estate Legal Attorney:
  - (1) Reviews and negotiates Lease Agreement;
  - (2) Reviews and negotiates corresponding guarantees;
  - (3) Prepares client memos of open business terms;
  - (4) Facilitates execution set of Lease Agreements, Guarantees and Franchisor Lease Addenda; and
  - (5) Facilitates the transmittal of applicable wires.
- (d) Design Management:
  - (1) Manages Test Fit Layouts (Initial + 2 revisions);
  - (2) Manages Signage;
  - (3) Manages Architect and Engineering;
  - (4) Manages Permit Expeditor;
  - (5) Manages Surveying review (with Architect); and
  - (6) Manages Tenant Work Letter Review.
- (e) Construction Management:

- (1) Manages Preliminary pricing and budget;
- (2) Manages bidding and direct purchasing;
- (3) Manages ongoing construction project;
- (4) Provides weekly reporting and communication;
- (5) Manages pay application(s);
- (6) Manages Change order(s);
- (7) Manages Punchlist and Certificate of Occupancy; and
- (8) Manages Tenant allowance package (if applicable).

3.2 **Specific Exclusions from Scope of Services.** The scope of the Development Services expressly excludes the following:

- (a) Market Planning Analysis:
  - (1) Budget analysis; and
  - (2) SBA Loan obtainment.
- (b) Real Estate Liaison:
  - (1) Inquiry and selection of proposed sites;
  - (2) Direct negotiation of LOIs or lease documents with the landlords and their brokers; and
  - (3) Site visits.
- (c) Real Estate Attorney:
  - (1) Review of any ancillary documents including:
    - (1) Subordination agreements;
    - (2) Non-disturbance agreements;
    - (3) Lien release and waivers;
    - (4) Loan documents; and
    - (5) Condo/Co-op documents.
  - (6) Preparation of operating agreements.

- (d) Design Management:
  - (1) Landlord drawing management;
  - (2) Landlord scope permitting;
  - (3) Architectural drawings;
  - (4) Engineer drawings;
  - (5) Permit submission;
  - (6) Site survey; and
  - (7) Site visits.

- (e) Construction Management:
  - (1) Site visits;
  - (2) Landlord construction management;
  - (3) Contract executions (facilitation only);
  - (4) SBA loan management;
  - (5) Utility set-up;
  - (6) Rent payment coordination; and
  - (7) Tenant allowance reimbursement.

3.3 **Specific Exclusions from Liability; Material Assumptions.** Without creating any liability or responsibility for Heyday for matters not set forth specifically herein, Heyday shall not be liable to the Franchisee or any other party for the following: (a) any costs incurred in connection with the Project, including but not limited to labor, materials, or services, all of which shall be Franchisee's sole responsibility; (b) the quality, accuracy, or completeness of the plans and specifications for the Project and any other Project Contracts; (c) any unanticipated or increased costs, change orders, delays, claims, damages or other costs arising out of or in connection with the Project Contracts or any other contracts associated with the Project; (d) the quality of the construction work performed at the Project; (e) damages, costs or expenses arising out of claims by any third parties in connection with the Project; or (f) the act or omission of any Provider or other third party in carrying out the Development Services or their duties under the Project Contracts.

3.4 **No Obligation to Third Parties.** None of the responsibilities and obligations of Heyday under this Agreement shall in any way or in any manner be deemed to create any liability of Heyday or any rights in any person other than Franchisee or Heyday.

#### 4. MANAGEMENT OF PROJECT

4.1 **HEYDAY Authority to Select Providers.** Heyday has or will hire outside service providers on Franchisee's behalf to carry out the Development Services and to provide the required goods and any other such services for the Project, including, but not limited to, the general contractor, architects, engineers, other design professionals, providers of goods and services, other contractors or subcontractors, suppliers, materialmen, attorneys, and artisans (collectively, the "**Providers**"). Franchisee grants HEYDAY the authority to select Providers, subject to Franchisee's approval and review of all contracts, subject to Sections 4.2 and 4.3.

4.2 **Third Party Contracts.** Franchisee agrees to review promptly all contracts that Heyday deems necessary, prudent, or desirable in connection with the Project, including but not limited to agreements with the Providers and any other contracts, agreements, or governmental submissions or applications associated with the Project or the Development Services (collectively, the "**Project Contracts**"). Franchisee agrees to promptly execute or provide comments on any such Project Contracts so as to not cause any undue delay in the prompt completion of the Development Services and the Project. Even though Franchisee is and will remain the "owner" of the Project, Franchisee hereby authorizes and delegates unto Heyday the power to negotiate all Project Contracts on Franchisee's behalf. Notwithstanding anything in this Agreement to the contrary, Heyday shall not have the right to enter into any contract, including Project Contracts, without Franchisee's approval, which shall not be unreasonably withheld.

4.3 **Franchisee Cooperation.** Franchisee agrees not to interfere with or contradict Heyday's exercise of its authority to oversee or carry out any of the Development Services and further agrees to fully cooperate with Heyday throughout the term of this engagement, including, but not limited to, promptly approving and signing (or providing prompt rejection of) all Project Contracts.

4.4 **Independent Contractor Relationship.** Franchisee understands and agrees that Heyday and all Providers will be independent contractors. Nothing is intended to make either Franchisee or Heyday (or any affiliate of Heyday) a general or special agent, joint venturer, partner, or employee of the other for any purpose. In performing its obligations hereunder, Heyday will not be implied to be exercising direct or indirect control over the Business Venture or the Project. Neither Franchisee nor Heyday shall have the power to bind the other party except in accordance with the terms of this Agreement.

4.5 **Employees.** Franchisee's employees, agents, or representatives for the Business Venture or Project are not the employees, agents, or representatives of Heyday. Heyday shall have no liability, responsibility or authority with respect to any of Franchisee's employees, agents, or representatives. Franchisee is solely responsible for the salaries of its employees and any employee benefits, including, without limitation, wages, worker's compensation benefits, employment and social security taxes and fringe benefits to which Franchisee's employees may claim to be entitled. Franchisee will fully comply with all applicable laws relating to worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employment matters.

#### 5. BUDGET AND PAYMENT OF PROJECT COSTS

5.1 **Budget.** Heyday shall assist Franchisee with obtaining bids for the Project and shall assist with the preparation of the total budget, which Franchisee agrees to approve or provide comments to promptly following delivery to Franchisee by Heyday (the "**Budget**"). The Budget of expenses submitted by Heyday and approved by Franchisee, shall, in general, form the basis on which Heyday shall incur items of expense for the development of the Project on Franchisee's behalf. Heyday shall use commercially

reasonable efforts to cause the Project to be completed in a manner consistent with the Budget as it may be approved and updated by Heyday and Franchisee.

5.2 **Franchisee's Obligations to Fund.** Franchisee agrees that Franchisee will provide, as and when necessary, all such amounts, costs, and expenses, including any insurance proceeds, in connection with the Project Contracts, Development Services, and the performance of the Project, including all obligations of Franchisee to Heyday and the Providers. To the extent that Heyday has incurred third party costs in connection with the Project, Development Services, or Project Contracts, Franchisee shall reimburse Heyday for all such costs or expenses. During the term of this Agreement, Heyday shall deliver to Franchisee a monthly draw detailing the costs that need to be paid to Heyday or such other party pursuant to the terms hereof, and Franchisee shall, within seven calendar (7) days, advance the funds to Heyday, or if directed by Heyday, make such payments directly to the Providers or other party entitled thereto. Heyday agrees that it will adhere to the Budget set forth in Section 5.1, and, if adhering to the Budget is not possible, to provide a Change Order (defined below) for Franchisee's review and approval prior to incurring charges above and beyond the Budget.

5.3 **Procedure for Change Orders.** Upon delivery to Franchisee of a proposed material change to the Project (a "**Change Order**"), Franchisee shall have three (3) business days to provide Heyday with a written objection to such proposed Change Order (or a portion thereof) in which event Franchisee and Heyday shall seek to mutually resolve any objections put forth by Franchisee. IN THE EVENT THAT FRANCHISEE DOES NOT PROVIDE WRITTEN OBJECTION TO A CHANGE ORDER WITHIN SUCH THREE (3) DAY PERIOD, AND THE CHANGE ORDER DOES NOT INCREASE THE TOTAL COSTS OF THE PROJECT BY MORE THAN THIRTY-FIVE THOUSAND DOLLARS (\$35,000), THE PROPOSED CHANGE ORDER SHALL BE DEEMED APPROVED BY FRANCHISEE. FRANCHISEE AGREES THE BENEFIT FRANCHISEE RECEIVES FROM THIS PROVISION, WHICH IS DESIGNED TO ALLOW HEYDAY TO PROCEED WITH CUSTOMARY AND EXPECTED CHANGES IN THE DEVELOPMENT PROCESS WHILE MINIMIZING DELAY AND COST TO FRANCHISEE.

5.4 **Required Change Orders.** Any Change Order may require approvals by city, county, state and federal governments or agencies and by private associations or organizations having legally enforceable jurisdiction or approval rights over the Project. Notwithstanding anything contained herein to the contrary, in no event shall Franchisee be permitted to unreasonably withhold consent to a proposed Change Order if such Change Order is necessary for (x) construction of the Project to proceed in accordance with the plans, (y) obtaining compliance with any applicable license, certificate, law, code, rule, ordinance, regulation or order of any city, county, state, federal governmental authority or agency, court, department, commission, board or office or anybody similar to any of the foregoing having jurisdiction over the Business Venture, the Project, or operation thereof at the proposed site (collectively, the "**Legal Requirements**"), or (z) correction of errors in or omissions from the plans.

5.5 **Actual Expenses.** Heyday may incur certain out-of-pocket expenses in connection with its duties under this Agreement, which may include, but are not limited to, travel costs (coach or economy airfare, local transportation, airport transfers), hotel accommodations, reasonable costs for meals while traveling, and data purchases (collectively, "**TRE**"). Franchisee agrees that Heyday will invoice Franchisee each month for TRE incurred in the preceding month. Franchisee shall pay invoices for TRE within five (5) days of receipt.

5.6 **Heyday to Establish Project Bank Account.** Heyday will establish a segregated bank account for the payment of all costs, expenses, or fees in connection with the construction and project

vendor services budget. Heyday shall require that Franchisee deposit monies pursuant to the below schedule:

1. First Installment: 30% of construction and project vendor services budget
  - a. Due: FRC approval
2. Second Installment: 30% of construction and project vendor services budget
  - a. Due: Commencement of physical shop construction
3. Third Installment: 30% of construction and project vendor services budget
  - a. Due: Commencement of “punch list” phase of shop construction
4. Fourth Installment: either (a) 10% of construction and project vendor services budget or the sum of all the remaining costs upon reaching the closeout phase of shop construction
  - a. Due: Closeout phase of shop construction

By the tenth business day of each month, Heyday will provide Franchisee with:

- A copy of the deposit account statement from Heyday’s banking partner as of the end of the immediately preceding month; and
- A deposit liability register from Heyday’s records, which shows the activity against and the remaining amount of the deposits the Franchisee has made.

Heyday will make available to Franchisee (for electronic view only) copies of the statement of any insured cash sweep accounts or similar products Heyday operates for purposes of maintaining FDIC insurance coverage for Franchisee’s funds.

Franchisee shall be responsible for following the Policies and Procedures outlined in Exhibit A of this Agreement.

## 6. INSURANCE

6.1 **Insurance Requirements.** In addition to the amounts and types of insurance coverage that Heyday may request in writing from time to time, Franchisee shall maintain or cause to be maintained such insurance coverages as may be required by any Project Contract, lease, loan agreement, franchise agreement, or other similar agreement relating to the Project and the Development Services and shall ensure that Heyday is at all times named as an additional insured thereunder. Franchisee shall provide evidence all insurance required hereunder upon Heyday’s request.

6.2 **Waivers of Subrogation.** Franchisee shall include in its insurance policies a waiver of its insurer’s right of subrogation against the other parties or, should such waiver be unobtainable, either an express agreement that such policies shall not be invalidated if the insured waives or has waived before the casualty the right of recovery against any party responsible for a covered casualty or any other form of permission for the release of such responsible party.

6.3 **Endorsements.** To the extent available, Franchisee's insurance policies shall contain endorsements providing that such policies may not be materially altered, canceled or non-renewed except upon thirty (30) days' prior written notice to Franchisee.

## 7. REPRESENTATIONS AND WARRANTIES

7.1 **Representations and Warranties of Franchisee.** Franchisee represents and warrants to Heyday that Franchisee has full power and authority to enter into this Agreement and perform its obligations hereunder; that all necessary entity or other authorizing actions to cause this Agreement to be executed and binding upon Franchisee has occurred, and when executed and delivered by Franchisee, this Agreement will be and shall remain a valid and binding agreement with respect to Franchisee's obligations hereunder; and that Franchisee now has, and will continue to have, the financial resources to perform its obligations under this Agreement.

7.2 **Non-Reliance, No Guarantee of Success.** FRANCHISEE REPRESENTS AND WARRANTS THAT IT HAS NOT RELIED UPON ANY STATEMENTS, PROJECTIONS, OR REPRESENTATIONS CONCERNING REVENUE, PROFIT, OR THE SUCCESS OF THE DEVELOPMENT OF THE BUSINESS VENTURE OR THE PROJECT. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, NEITHER HEYDAY NOR ANY PERSON ON HEYDAY'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, ALL OF WHICH HEYDAY EXPRESSLY DISCLAIMS. IN ENTERING INTO THIS AGREEMENT, FRANCHISEE HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY HEYDAY, ANY HEYDAY AFFILIATE, OR ANY OTHER PERSON OR ENTITY ON HEYDAY'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT.

7.3 **No Warranties.** HEYDAY SPECIFICALLY DISCLAIMS ALL WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY, HABITABILITY OR GOOD AND WORKMANLIKE CONSTRUCTION AND WARRANTIES OF FITNESS FOR USE OR FITNESS FOR THE PURPOSE INTENDED. FRANCHISEE WAIVES ALL BASES FOR RECOVERY OR REIMBURSEMENT (INCLUDING ANY GROUND FOR RECOVERY BASED ON NEGLIGENCE OR STRICT LIABILITY), TO THE EXTENT THE SAME WOULD ALLOW GREATER RECOURSE THAN PROVIDED IN THIS AGREEMENT AGAINST HEYDAY.

## 8. ASSUMPTION OF INHERENT RISKS; WAIVERS OF LIABILITY

8.1 **Assumption of Risk to Person or Property.** Except for the gross negligence or willful misconduct of Heyday, Franchisee assumes all risk of damage to property and injury to persons, in, on, or about the Project. Franchisee agrees that Heyday, its affiliates, and each of their respective members, managers, directors, employees, officers, agents, contractors, permitted successors, and permitted assigns (collectively, "**Heyday Parties**") will not be liable for any damage to property or injury to persons sustained by Franchisee or by other persons claiming damage by, through, or under Franchisee.

8.2 **Assumption of Business Risks.** Franchisee agrees that it is acutely aware of the risks associated with committing to develop and open the Business Venture in the trade area Franchisee has selected. Franchisee agrees that there are significant financial implications and business risks associated with site selection, location acquisition, design, development, and construction of tenant improvements for the Business Venture and to its receipt of the Development Services under this Agreement and the

performance of the Providers. There are immense financial costs and unquantifiable administrative expenses in carrying out the Development Services. Franchisee understands the benefit in delegating these responsibilities to Heyday in accordance with the terms of this Agreement but understands that Heyday cannot guarantee or promise any particular desired outcome. Heyday's engagement under this Agreement does not increase the likelihood of the success of the Business Venture or the Project. Heyday only has the obligation to use commercially reasonable efforts to coordinate and oversee the management of the Project. In performing the Development Services and its duties hereunder, Heyday is merely providing management services for the Project, is solely making recommendations to Franchisee, and is assisting in coordinating the Providers' performance of their respective services. Franchisee retains all final decision-making authority for the Project. Franchisee fully assumes the risks of committing to develop and open the Business Venture and to its receipt of the Development Services in accordance with the terms and conditions of this Agreement, including, but not limited to, those relating to site selection, location acquisition, design, development, and construction of the tenant improvements.

**8.3 No Liability for Providers.** Franchisee agrees that Heyday shall not be liable to Franchisee, and Franchisee hereby waives all Claims (defined below) against Heyday and the Heyday Parties for any damages arising from any act or omission of any Provider, including but not limited to mistakes of judgment, dishonesty, unlawful acts, fraud, or bad faith of any Providers, or any other person retained in connection with the Project or the Development Services, including but not limited to any broker, accountant, designer, architect, or attorney. Franchisee agrees not to take any legal action against Heyday (and Heyday shall not be liable or responsible) for the act or omission of any Provider. Franchisee must seek redress for claims that may arise from performance of the Development Services directly from the Providers, who will bear responsibility for liability in connection with their deliverables, including but not limited to adequacy of all plans and specifications for the Project, the compliance of the plans and specifications with Legal Requirements, conformance of construction with the plans and specifications and sound building practices, and adequacy, accuracy, and completeness of all Project Contracts. Notwithstanding anything to the contrary contained herein, Heyday shall be entitled to rely on information, opinions, reports or statements provided to it by the Providers and other third parties retained on behalf of Franchisee or in connection with the Project.

**8.4 No Liability For Material Difference In Projected Versus Actual Costs.** Franchisee agrees that there may be differences between the initially proposed Budget and the final total Project costs Franchisee may incur due to a variety of factors including, but not limited to, labor shortages, increased costs of and difficulty obtaining materials, unforeseen site conditions, government orders, and other unknowns that are inherent in construction related matters. Franchisees assumes all such increased cost risks. Heyday shall have no liability to Franchisee or other person for any loss suffered by any of them which arises out of any action or inaction of Heyday if the authority allowed to it by this Agreement and such course of conduct did not constitute fraud, willful misconduct, or gross negligence.

**8.5 Limitation of Incidental or Consequential Damages.** NEITHER HEYDAY NOR ANY OF THE HEYDAY PARTIES WILL BE RESPONSIBLE FOR POOR SITE SELECTION, ERRORS IN DESIGN, CONSTRUCTION DEFECTS, OR ANY OTHER PARTIES' ACTS OR OMISSIONS, INCLUDING BUT NOT LIMITED TO, UNDER, OR IN CONNECTION WITH ANY PROJECT CONTRACTS. UNDER NO CIRCUMSTANCE WILL HEYDAY OR ANY OF THE HEYDAY PARTIES BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES SUFFERED BY FRANCHISEE OR ANY OTHER PERSON CLAIMING BY, THROUGH OR UNDER FRANCHISEE, INCLUDING, BUT NOT LIMITED TO, ANY LOSS IN REVENUES, ANY LOSS OF OPPORTUNITIES, ANY LIABILITY TO OTHER PERSONS FOR LOSS, INJURY OR DAMAGE TO PERSONS OR PROPERTY OR DEATH, OR ANY DAMAGE TO THE PROJECT. FRANCHISEE



WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, AND COVENANTS NOT TO TAKE LEGAL ACTION TO OBTAIN ANY PUNITIVE, EXEMPLARY, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES AGAINST HEYDAY OR ANY HEYDAY PARTIES, EVEN IF HEYDAY HAS KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN NO EVENT SHALL HEYDAY'S LIABILITY TO FRANCHISEE EXCEED THE ONE-TIME, LUMP SUM FEE PAID TO HEYDAY PURSUANT TO THIS AGREEMENT.

## 9. INDEMNIFICATION.

9.1 **Indemnification.** To the fullest extent permitted by law, Franchisee agrees to indemnify, defend (with counsel reasonably acceptable to Heyday) and hold harmless Heyday, and all Heyday Parties, from and against any and all claims, demands, losses, liabilities, causes of action, suits, judgments, damages, deficiencies, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees (through all levels of proceedings), and the costs of enforcing any right to indemnification under this Agreement (collectively, "**Claims**") arising out of or resulting from any matter in connection with the Business Venture, the performance of the Development Services, or the Project, or arising out of or resulting from any claim or cause in, on or about the Project (including, without limitation, the construction, installation, placement and removal of improvements, fixtures and/or equipment, and corrections of violations arising from Legal Requirements), and any acts, omissions or negligence of Franchisee or of any Providers, contractors, agents, servants, employees, licensees or invitees of Franchisee or any such person, in, on or about the Project, or arising from any occurrence on the Project, any matter arising in connection with the Project Contracts, the use and occupancy of the intended site, or from any activity, work, or thing done, permitted or suffered by Franchisee or any of its officers, directors, employees, managers, representatives, agents, invitees, Providers, or contractors (each a "**Franchisee-Related Party**") in or about the Project or due to any other act or omission of Franchisee or a Franchisee-Related Party, or from Franchisee's breach of or failure to perform its obligations under this Agreement (other than any loss arising from the gross negligence or willful misconduct of HEYDAY), EVEN THOUGH CAUSED OR ALLEGED TO BE CAUSED BY THE JOINT, COMPARATIVE, OR CONCURRENT NEGLIGENCE OR FAULT OF HEYDAY OR ITS AGENTS, AND EVEN THOUGH ANY SUCH CLAIM IS BASED UPON OR ALLEGED TO BE BASED UPON THE STRICT LIABILITY OF HEYDAY OR ITS AGENTS. THIS INDEMNITY PROVISION IS INTENDED TO INDEMNIFY HEYDAY AND ITS AGENTS AGAINST THE CONSEQUENCES OF THEIR OWN NEGLIGENCE OR FAULT AS PROVIDED ABOVE WHEN HEYDAY OR ITS AGENTS ARE JOINTLY, COMPARATIVELY, OR CONCURRENTLY NEGLIGENT WITH FRANCHISEE. This indemnity provision shall survive termination or expiration of this Agreement. The furnishing of insurance required hereunder shall not be deemed to limit Franchisee's obligations under this Section.

9.2 **No Liens.** Franchisee covenants and agrees that it will pay or cause to be paid all sums due and payable by it on account of any services, labor performed, or materials furnished in connection with any Development Services and the Project and that it will save and hold Heyday harmless from all loss, cost or expense based on or arising out of asserted claims or liens arising in connection with the Project. Franchisee shall cause any lien or encumbrance against the Project to be discharged within thirty (30) days of the filing or recording thereof.

## 10. EVENTS OF DEFAULT; REMEDIES

10.1 **Default by Heyday.** Upon the occurrence of any one or more of the following events ("**Heyday Event(s) of Default**") which shall continue and not be cured following any applicable notice and

cure period, Franchisee may, at its option, declare Heyday in default under this Agreement and exercise such remedies as may be provided hereunder:

(a) Heyday substantially and materially fails to perform any of its affirmative covenants set forth in this Agreement.

(b) Heyday shall become insolvent as evidenced by its admission in writing of its inability to meet its obligations as they mature, or shall make an assignment for the benefit of creditors, or shall at any time be adjudicated bankrupt; or shall at any time apply for the appointment of a trustee or receiver of any substantial part of its properties; or any such trustee or receiver shall be appointed, and if in any such action it shall indicate its approval of, consent to or acquiescence in such appointment, or any such trustee or receiver shall not be discharged within sixty (60) days; or any proceedings involving such party shall at any time be commenced by or against Heyday under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute of the United States or any state thereof, and if such proceedings shall be initiated against Heyday and the same shall remain legally viable for sixty (60) days.

**10.2 Franchisee Remedies for a Heyday Event of Default.** Upon any Heyday Event of Default which shall continue for a period of thirty (30) calendar days after written notice and demand is given by Franchisee to Heyday (other than any Heyday Event of Default described in Section 10.1(b), for which no cure period shall be available), or, if such default cannot reasonably be cured within such thirty (30) calendar day period, if Heyday shall not have commenced to cure such Heyday Event of Default within such thirty (30) calendar day period and thereafter diligently continued to prosecute the same to completion, Franchisee shall be entitled, as its sole remedy, to terminate this Agreement.

**10.3 Default by Franchisee.** If one or more of the following events occurs (“**Franchisee Event(s) of Default**”), which shall continue and not be cured after any applicable notice and cure period, Heyday, may at its option, declare Franchisee in default under this Agreement and any document or instrument given in connection therewith and exercise all remedies provided hereunder:

(a) Franchisee fails to make payments of any sums owed to Heyday or any other party pursuant to this Agreement or otherwise fails to fund any amount Franchisee is obligated to fund under the terms of this Agreement.

(b) Franchisee commits a material breach of any covenant, warranty or condition in this Agreement, or any representation in this Agreement is or has become untrue in any material respect, or Franchisee fails to substantially perform any of the affirmative covenants set forth herein or materially breaches any of its negative covenants set forth herein.

(c) Franchisee shall become insolvent as evidenced by its admission in writing of its inability to meet its obligations as they mature; or shall make an assignment for the benefit of creditors, or shall at any time be adjudicated bankrupt; or shall at any time apply for the appointment of a trustee or receiver of any substantial part of its properties; or any such trustee or receiver shall be appointed, and if in any such action it shall indicate its approval of, consent to or acquiescence in such appointment, or any such trustee or receiver shall not be discharged within sixty (60) calendar days; or any proceedings involving such party shall at any time be commenced by or against Franchisee under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute of the United States or any state thereof, and if such proceedings shall be initiated against Franchisee and the same shall remain legally viable for sixty (60) calendar days.

10.4 **Heyday Remedies for a Franchisee Event of Default.** Upon any Franchisee Event of Default which shall continue for a period of ten (10) calendar days after written notice and demand is given by Franchisee to Heyday (other than any Franchisee Event of Default described in Section 10.3(c), for which no cure period shall be available), Heyday shall be entitled to terminate this Agreement and recover from Franchisee its actual damages.

## 11. DISPUTE RESOLUTION

11.1 **Arbitration.** Except as otherwise provided in this Agreement, any dispute, controversy or claim between and among the Parties and any of their officers, directors, members, owners, guarantors, employees and shareholders arising under, out of, in connection with or in relation to this Agreement, the Parties' relationship (a "**Dispute**") which cannot be resolved shall be submitted to binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association by one (1) arbitrator. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.).

11.2 **Counterclaims.** Each Party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Party.

11.3 **Arbitrator Powers.** The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary, consequential, or punitive damages, but will have the right to award or include in the arbitrator's award any other relief that the arbitrator deems proper in the circumstances but in all instances the arbitrator's award must be consistent with the terms and conditions of this Agreement (specifically, but not limited to, the limitations of liability contained herein), including without limitation, money damages but subject to the terms of this Agreement (with interest on unpaid amounts from due date), specific performance, injunctive relief, and attorneys' fees and costs in accordance with the terms hereof. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

11.4 **Individual Arbitration Only.** Any arbitration must be on an individual basis as to Franchisee (and not as or through an association) and the Parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. Other than as may be required by law, the entire arbitration proceedings (including any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the Parties and their respective professional advisors, insurance providers, and lenders. Notwithstanding the foregoing, nothing in this Agreement bars HEYDAY's right to pursue relief outside of arbitration as contemplated by any other agreement including any agreement with Franchisee or its owners or affiliates.

11.5 **Injunctive Relief.** Despite the Parties' agreement to arbitrate, nothing in this Agreement bars either Party's right to obtain preliminary orders of specific performance of the provisions of this Agreement and temporary or preliminary injunctive relief against threatened conduct that will cause Franchisee, HEYDAY loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to the Parties' obligation to arbitrate the underlying claims if required above). The Parties agree that the moving party may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. Neither shall be required to post a bond to obtain injunctive relief and that the non-moving party's only remedy if an injunction is entered against it will be the dissolution of that injunction, if warranted, upon due hearing (all

claims for damages by injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Parties agree that the amount of the bond shall not exceed Ten Thousand Dollars (\$10,000).

11.6 **Jurisdiction.** Notwithstanding the terms of Section 12.5 (Venue) below, Franchisee agrees that: (i) Heyday or its affiliates may enforce any arbitration orders and awards in the courts of the state or states in which Franchisee is domiciled or in which the Business Venture is located; and (ii) if the laws of the state in which the Business Venture is located prohibit Heyday from restricting jurisdiction or venue exclusively to a forum outside of that state with respect to any claim arising under such state's laws, then either party may bring such claim either in the county in which Heyday principal place of business is located or the state in which Heyday is located. The arbitrator shall not have the power to select a different locale for the arbitration than as set forth herein. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

## 12. MISCELLANEOUS

12.1 **Ownership and Use of Project Documents.** The plans and specifications and other documents, including those in electronic form, prepared on behalf of Franchisee, the Providers, or any others shall, unless otherwise indicated in the Project Contracts, be works for hire owned by Franchisee, but which Heyday shall have the right to use, replicate, and rely upon. Whether or not the Project is completed, the plans, drawings, and specifications prepared for Franchisee pursuant to this Agreement may be used by Heyday in conjunction with the Project and other projects.

12.2 **Force Majeure.** "Force Majeure" means the occurrence of an earthquake, flood, tornado, hurricane or similar natural occurrence (including rain and snow to the extent resulting in additional costs), strike (other than those specifically and exclusively directed against a party hereto), lock out (other than those initiated by a party hereto), fire, loss of water or utility service to the Project through no fault of a Party or their respective Providers, pandemic, riot, government-directed shutdown, insurrection, or war. Parties shall be excused from performing obligations required hereunder during such time, as performance is precluded by a Force Majeure, but only for so long as the Force Majeure continues to preclude performance. A Party's time for performance of any obligation that is prevented by a Force Majeure, except for an obligation to pay money, shall be extended for an amount of time equal to the duration of the Force Majeure or the actual number of days that the Project schedule was actually impacted, whichever is longer.

12.3 **Delinquent Payments.** Delinquent payments hereunder shall earn interest at the lesser of the maximum rate permitted by applicable law and one and one-half percent (1-1/2%) per month from the date due until paid.

12.4 **No Waiver.** No waiver at any time of the provisions or conditions of this Agreement shall be construed as a waiver of any of this Agreement's other provisions or conditions, nor shall a waiver of any provision or condition be construed as a right to a subsequent waiver of the same provision or condition.

12.5 **Venue.** Except as otherwise provided herein, the Parties agree that all arbitration and litigation proceedings involving any Dispute must be commenced in the county in which HEYDAY's principal place of business is located at the time the Dispute arises (currently, Wilmington, DE) and the Parties irrevocably submit to the jurisdiction of the state and federal courts of general jurisdiction in such county.

12.6 **Prevailing Party's Fees.** The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs

and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

12.7 **Waiver of Jury Trial.** Heyday and Franchisee irrevocably waive, to the fullest extent permitted by law, trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either Heyday or Franchisee.

12.8 **Governing Law.** All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement and all claims arising from this Agreement will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules.

12.9 **Time Limitation of Claims.** Except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes Heyday or any Providers and except for Heyday's right to seek indemnification from Franchisee for third-party claims as provided in this Agreement, all claims arising out of or relating to this Agreement or the relationship between Franchisee and Heyday will be barred unless an arbitration or judicial proceeding, as permitted, is commenced in the appropriate forum within two (2) years from the date on which the violation, act, or conduct giving rise to the claim occurs, regardless of when the Party asserting the claim knew or should have known of the facts giving rise to the claim.

12.10 **Third-Party Beneficiaries.** Except as expressly set out in the second sentence of this Section, this Agreement benefits solely the Parties and their respective permitted successors and permitted assigns. Nothing in this Agreement, express or implied, confers on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement. Notwithstanding the foregoing, the Parties designate all Heyday Parties as third-party beneficiaries of this Agreement and acknowledge that Heyday Parties shall have the right to enforce this Agreement.

12.11 **Notices.** All notices and communications hereunder shall be in writing and shall be deemed to be duly given if (i) delivered personally, (ii) sent by a reputable, national overnight delivery service, charges prepaid, addressed to such Party at the address specified below, or, if one Party has notified the other in writing of a change of address, to such Party's last address so notified, or (iii) sent by email. Notices by personal delivery shall be effective when delivered, notices by overnight delivery service shall be effective on the date of delivery by the overnight delivery service to the correct address and notices by email shall be effective when delivered. Until notice by either Party or other person entitled to notice to the other to the contrary, all schedules, notices or other documentation required to be delivered to either Party shall be delivered to the other at the address specified in this Agreement:

To Franchisee:

With a copy to:

To Heyday: Heyday Shop Opening Services LLC  
251 Little Falls Drive  
Wilmington, Delaware 19808  
Attn: Legal Department

12.12 **Successors and Assigns.** This Agreement shall be binding upon the Parties and their respective permitted successors and shall inure to the benefit of the Parties and their permitted successors and assigns.

12.13 **Assignment.** Franchisee may NOT assign this Agreement without Heyday's consent, which may be withheld in its reasonable discretion. Any attempted assignment without Heyday's consent shall be null and void. Heyday may change its ownership or form and/or sell or assign this Agreement or its interests herein, in whole or in part, and any other agreement without restriction.

12.14 **Time of the Essence.** Time is of the essence for the performance of obligations pursuant to this Agreement.

12.15 **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule, a court or arbitrator will, if possible, modify the provision to the extent required to make it valid and enforceable. Regardless, the invalidity, illegality or unenforceability of a provision will not affect any other provision, or the enforcement of the provision in any other jurisdiction. To the extent that this Agreement is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.

12.16 **Entire Agreement.** This Agreement with all schedules and exhibits (Exhibit A - Franchisee Assumption of Risk and Waiver of Liability and Release), attached hereto and incorporated herein, sets forth the entire agreement and understanding of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement duly executed by the Parties.

12.17 **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Parties have executed and delivered this Agreement, to be effective as of the latest date set forth next to the signatures below.

**HEYDAY:**

**FRANCHISEE:**

**HEYDAY SHOP OPENING SERVICES LLC, [INSERT FRANCHISEE NAME]**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT A

**This document covers the financial process by which we are paid for our services and for which we facilitate payments.**

**Policy:** Heyday Shop Opening Services (“Heyday Services”, “We”, or “Us”) provides the services to get your shop built and ready for operation. We charge a fee for our services and we require payment in accordance with our Heyday Shop Opening Services Agreement per the process outlined below.

In addition, we require that you use us as an administrative intermediary for vendor payments in the shop design and construction phases as our process:

- Ensures consistent budget tracking and payment flow to our regional and national partners
- Supports an expedited construction schedule of 35 weeks (post initial award of architect); delayed payments will create a non-trivial delay in the construction schedule

**Note:** We are not a money transmitter, payments facilitator or escrow agent as specifically defined by laws and regulations; we contract with companies that are licensed financial services providers and use their platforms and services to pay vendors from funding that you provide.

### Process for invoicing and collecting fees for services

<b>STEP 1:</b>	We will collect the following information from you to the extent to which it has not already be provided to us or our affiliates: <ul style="list-style-type: none"><li>• Form W-9 <a href="https://www.irs.gov/pub/irs-pdf/fw9.pdf">https://www.irs.gov/pub/irs-pdf/fw9.pdf</a></li><li>• <b>ACH Information and Authorization (Appendix A)</b></li><li>• Email for invoicing, such as the one for your bill pay service.</li></ul> <p><i>We highly recommend signing up for an accounts payable service that supports Bill Pay such as Ramp. <a href="#">Ramp can be signed up for here</a>. Our affiliate may receive referral income if you choose to join Ramp via the included link and independently make use of their credit card services.</i></p> <p><b><i>We will provide you with the destination account information for payment of our fees, which at the time of update is also presented in Appendix B.</i></b></p>
<b>STEP 2:</b>	You will initiate an ACH Credit payment to us for your first fee installment upon signing your agreement with us. Within one business day of receipt of your executed agreement, we will generate and send your invoice for the first fee installment. Please send notice of your payment to <a href="mailto:fpaccounting@heydayskincare.com">fpaccounting@heydayskincare.com</a> . If we do not receive your payment in two business days, we will initiate an ACH Debit withdrawal for settlement on the fifth business day following invoicing.
<b>STEP 3:</b>	You should initiate an ACH Credit payment to us for your second fee installment upon Franchise Real Estate Committee (FRC) approval. Within one business day of FRC approval, we will generate and send your invoice for the second fee installment. Please send notice of your payment to <a href="mailto:fpaccounting@heydayskincare.com">fpaccounting@heydayskincare.com</a> . If we do not receive your payment by the fifth calendar, we will initiate an ACH Debit withdrawal for settlement on the following business day.



Process for deposit collection and vendor payment	
<b>STEP 1:</b>	<p>We will open a demand deposit account with a financial institution of our choosing, presently Silicon Valley Bank, a division of First Citizens Bank. This account will be used to manage funds that you provide to pay for the construction and related services for your shop opening. We may refer to this account as your “construction account.”</p> <p>We will:</p> <ul style="list-style-type: none"> <li>● Be the account holder and authorized signer with the financial institution.</li> <li>● Only move or disburse the funds you deposit in accordance with our agreement inclusive of this policy and procedure. While not of legal form, we will maintain the funds in trust and maintain a liability to return funds to you that have not been spent.</li> <li>● Keep your funds under full FDIC insurance coverage.</li> <li>● Provide you with an account verification letter from the financial institution, <i>See example in Appendix B.</i></li> </ul>
<b>STEP 2:</b>	<p>You will initiate an ACH Credit payment for your <u>first installment of thirty percent (30%)</u> of the construction and related vendor services budget upon Franchise Review Committee (“FRC”) approval. Within one business day of approval, we will generate and send your invoice for the first installment. Please send notice of your deposit to <a href="mailto:fpaccounting@heydayskincare.com">fpaccounting@heydayskincare.com</a>. If we do not receive your deposit in two business days, we will initiate an ACH Debit withdrawal for settlement on the fifth business day following invoicing.</p>
<b>STEP 3:</b>	<p>To maintain FDIC insurance coverage for your funds, we will transfer funds not used for immediate disbursement to an insured cash sweep account or similar fully-FDIC insured cash banking product. Interest earned shall be used to offset our administrative costs that we would otherwise pass on to you. <i>Information on an insured cash sweep account is presented in Appendix C.</i></p>
<b>STEP 4:</b>	<p>Our Construction Project Managers manage all vendor proposals and collaborate with you on all required approvals. All vendors are instructed to send invoices to <a href="mailto:sdinvoices@heydayskincare.com">sdinvoices@heydayskincare.com</a>. Invoices will be reviewed and approved by the assigned Construction Project Manager and Shop Development Management Team for propriety and budget conformity before payments are issued.</p>
<b>STEP 5:</b>	<p>Payments out reduce our deposit liability to you. If a payment would reduce the deposit liability below zero or should the deposit liability go below zero, both indicating that you have not deposited sufficient funds, we will within one business day initiate an ACH debit for funds to cover pending payments. We will bill to you any fees we incur should the ACH debit fail for any reason including but not limited to insufficient funds.</p>
<b>STEP 6:</b>	<p>Once a month, the financial institution will assess fees for your account. When the financial institution charges the construction account directly, we will reduce the deposit liability for those fees. When there is no direct charge, we will send you an invoice for the fees incurred without further markup or surcharge. You may then choose to separately pay those fees to us or request to have them deducted from your construction account. <i>Fees at last update of this document are shown in Appendix D (only those highlighted in yellow are applicable).</i> Each month we will credit you for any fees incurred above the first \$250 of fees, excluding fees we directly incur for failed payments to us.</p>

<b>STEP 7:</b>	<p>By the tenth business day of each month, we will provide you with:</p> <ul style="list-style-type: none"> <li>• A copy of the deposit account statement from our banking partner as of the end of the immediately preceding month</li> <li>• A deposit liability register from our own records which shows the activity against and remaining amount of the deposits you have made as of the end of the immediately preceding month.</li> </ul> <p>We will make available to you (for electronic view only) copies of the statement of any insured cash sweep accounts or similar products we operate for purposes of maintaining FDIC insurance coverage for your funds.</p>
<b>STEP 8:</b>	<p>You will initiate an ACH Credit payment for your <u>second installment of thirty percent (30%)</u> of the construction and related vendor services budget upon commencement of physical shop construction. We will generate and send your invoice for the second installment upon our internal notice of commencement. Please send notice of your deposit to <a href="mailto:fpaccounting@heydayskincare.com">fpaccounting@heydayskincare.com</a>. If we do not receive your deposit in two business days, we will initiate an ACH Debit withdrawal for settlement on the fifth business day following invoicing.</p>
<b>STEP 9:</b>	<p>You will initiate an ACH Credit payment for your <u>third installment of thirty percent (30%)</u> of the construction and related vendor services budget upon reaching the “punch list” phase of your shop construction. We will generate and send your invoice for the third installment upon our internal notice of this phase. Please send notice of your deposit to <a href="mailto:fpaccounting@heydayskincare.com">fpaccounting@heydayskincare.com</a>. If we do not receive your deposit in two business days, we will initiate an ACH Debit withdrawal for settlement on the fifth business day following invoicing.</p>
<b>STEP 10:</b>	<p>You will initiate an ACH Credit payment for your <u>fourth installment of the greater of a) ten percent (10%) of the construction and related vendor services budget or b) the sum of all remaining costs</u> upon reaching the closeout phase of your shop construction. We will generate and send your invoice for the fourth installment upon our internal notice of this phase. Please send notice of your deposit to <a href="mailto:fpaccounting@heydayskincare.com">fpaccounting@heydayskincare.com</a>. If we do not receive your deposit in two business days, we will initiate an ACH Debit withdrawal for settlement on the fifth business day following invoicing.</p>
<b>STEP 11:</b>	<p>Upon the later of a) the completion of the entirety of our agreement or b) settlement of payments administered from your construction account, we will furnish to you within ten business days a final register of your deposit liability. We will return to you the deposit liability within five business days following our transmission of the register to you.</p>

## Appendix A

**HEYDAY**

# ACH Information Form and Authorization

Please complete the following information to allow us to transact in electronic payments with you. This form also allows us to make correcting transactions if we make an error.

Business Name: \_\_\_\_\_

Account Holder (if different): \_\_\_\_\_

Financial Institution: \_\_\_\_\_

ACH Routing Number (9 Digits): \_\_\_\_\_

*Note that some banks use different numbers for ACHs and Wire Transfers*

Account Number: \_\_\_\_\_

I/We hereby authorize Heyday Shop Opening Services LLC to electronically make ACH debits from and ACH credits to the bank account designated above via its bank(s) or a third-party provider, and if necessary, initiate adjustments for any transactions in error. It is my/our responsibility to notify Heyday Shop Opening Services LLC immediately if I/we believe there is a discrepancy between the amount transacted with my/our bank account and supporting documents provided to me/us. I/We understand that I/we must notify Heyday Shop Opening Services LLC of any changes in status or banking information. I/We understand that this authorization will remain in full force and effect until Heyday Shop Opening Services LLC has received notification requesting a change or cancellation and has had reasonable opportunity to act on it, which should take no longer than seven (7) to ten (10) business days.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

# Appendix B



June 12, 2023

RE: Bank reference for **HEYDAY SHOP OPENING SERVICES LLC**

1130 Broadway  
New York NY 10010 UNITED STATES

To Whom It May Concern:

The Company referenced above and below is a client of Silicon Valley Bank, a division of First-Citizens Bank. This letter serves to confirm their account information.

**Account Legal Name:** HEYDAY SHOP OPENING SERVICES LLC

**Account Number:** 3304072479

**Account Opening Date:** 6/5/2023 3:00 PM PDT

**Account Type:** Checking Account

**Routing Number / SWIFT Code:** 121140399 / SVBKUS6S

The undersigned is authorized to provide this account verification letter. The information in this letter is provided as an accommodation to the Company. This letter and any information provided in connection with this letter are furnished on the condition that they are strictly confidential, that no liability or responsibility whatsoever in connection herewith shall attach to Silicon Valley Bank, a division of First-Citizens Bank or any of its affiliates or its or their respective directors, officers, employees or agents, that this letter makes no representations regarding the general condition of the Company, its management or its future ability to meet its obligations, and that any information provided is subject to change without notice.

Sincerely,  
No Signature added

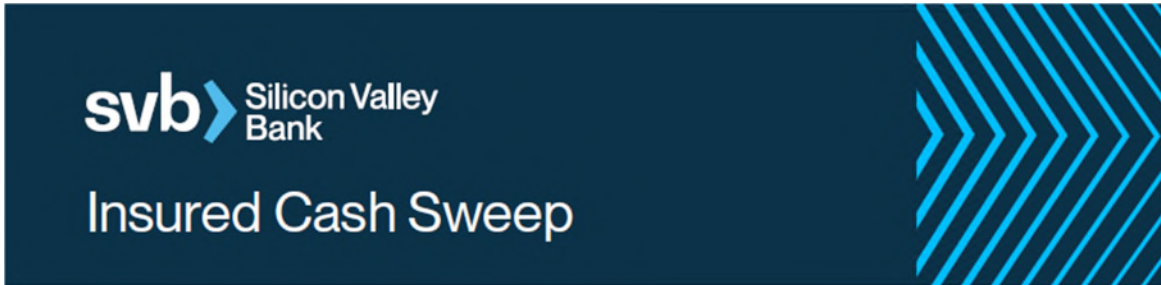
**Zoey Rudic**  
Relationship Service Advisor I

The information contained herein is accurate as of the date indicated at the top of this letter and is provided for informational and reference purposes only as it pertains to Silicon Valley Bank, a division of First-Citizens Bank & Trust Company (SVB) current client(s), as named within this letter.

This communication is intended only for the named recipient(s) above and contains information that is privileged and confidential in nature. Any distribution, copying or disclosure of this communication outside of the recipients named above without the express consent of SVB or SVB's client listed herein is strictly prohibited.

Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Member FDIC.

# Appendix C



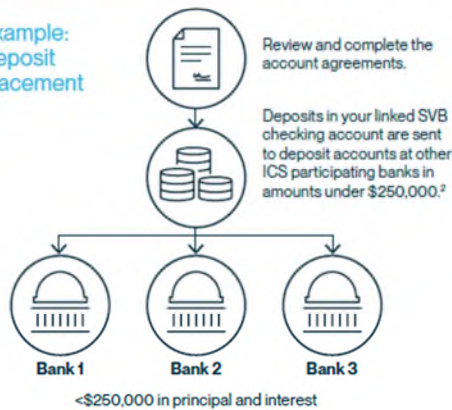
The Insured Cash Sweep service gives you the ability to earn interest on excess cash balances and the comfort of knowing your balances are eligible for expanded multi-million-dollar FDIC insurance coverage.

Through Insured Cash Sweep® (ICS)<sup>1</sup>, excess cash balances are automatically swept from your linked SVB checking account into deposit accounts at other ICS participating banks in amounts below the current FDIC insurance coverage maximum of \$250,000. As a result, you can access FDIC insurance coverage from many institutions while working directly with SVB.

### Key Benefits

- FDIC insurance coverage up to \$125M per tax identification number.
- Ability to earn interest on excess cash balances placed using Insured Cash Sweep.
- Maintain full access to deposits through your linked SVB Checking account.
- Access to the Depositor Control Panel (DCP) provides balance and transaction history, statements, and account reporting.
- Automated sweep to and from your linked SVB checking account allows for seamless transactions.

### Example: Deposit Placement



### Depositor Control Panel

The Depositor Control Panel (DCP) is a secure website that provides you 24/7 online access to information about your ICS placements.

Using the DCP, you can:

- Check your balances
- View your transaction history
- View where your balances are placed
- View and download monthly statements

### Understanding Sweep

- **Sweep Process:** The sweep process occurs nightly during end-of-business-day account processing. The sweep amount is determined by comparing the end-of-day collected balance (after all credits and debits have been posted) to your selected target balance. Funds are debited from or credited to your linked SVB checking account that night and are deposited in/ withdrawn from the ICS the next business day.
- **Interest:** Interest is accrued daily and paid on the last business day of the month, directly into the deposit accounts at the ICS participating banks holding your funds.

### Contact us

Contact your Liquidity Advisor or Client Services at 800.774.7390 to learn more about Insured Cash Sweep.

<sup>1</sup> Insured Cash Sweep and ICS are registered service marks of IntraFi Network LLC.

<sup>2</sup> Deposits are sent to demand deposit accounts at ICS participating banks using the demand option.

Placement of funds through the ICS service is subject to the terms, conditions, and disclosures in the program agreements, including the applicable Deposit Placement Agreement ("DPA"). Limits apply and customer eligibility criteria may apply. Funds are placed at destination institutions in amounts that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA") at any one destination institution. Using multiple destination institutions provides access to aggregate insurance amounts across institutions that are multiples of the SMDIA. Although funds are placed at destination institutions in amounts that do not exceed the SMDIA at any one destination institution, a depositor's balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before settlement for a deposit or after settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not an insured depository institution). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of IntraFi Network Deposits satisfies those restrictions. Insured Cash Sweep and ICS are registered service marks of IntraFi Network LLC.

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# Appendix D



## Schedule of fees and charges

Unless otherwise noted, fees are per item or instance. All fees are minimum fees and may vary on a client-by-client basis. Fees listed below are for business accounts.

Balance and compensation	
Daily overdraft	\$30.00 (\$150 daily maximum)
Ledger overdraft	Prime <sup>*</sup> +3%

<sup>\*</sup>Prime refers to the Bank Prime Loan rate published in the Federal Reserve's H15 Selected Interest Rates daily report.

General account services	
Monthly account maintenance	\$32.00
Bank deposit assessment <sup>*</sup>	\$0.0849/\$1,000
ZBA parent monthly maintenance	\$30.00
ZBA sub monthly maintenance	\$10.00
Miscellaneous debits/credits	\$0.50
Additional statement copy	\$15.00
Manual account transfers	\$10.00
Online account transfers	\$0.50
Research (per hour)	\$35.00
Research/photocopies	\$3.00
Legal process	\$100.00
Shipping costs	As quoted
Transact Gateway payment monthly maintenance	\$150.00

<sup>\*</sup>Based on average net ledger balances. Refer to SVB's Deposit Agreement & Disclosure Statement — Business Accounts for further information.

Depository services	
Deposit (paper deposit item)	\$2.00
Checks deposited	\$0.11
Domestic collection item	\$15.00
Foreign collection item	\$30.00
Foreign check conversion (non-Canadian)	\$15.00
Deposit image monthly CD-ROM	\$35.00
Return item — chargeback	\$10.00
Return item — reclear	\$2.00
Remote deposit capture monthly maintenance	No charge
Remote deposit capture (per deposit)	\$2.00
Mobile deposit (per item)	No charge
Remote lockbox monthly maintenance	\$50.00

Remote lockbox (per item, checks or remits)	\$1.00
Remote lockbox (per item, checks or remits)	\$0.08

Paper disbursement services	
Checks paid	\$0.18
Checks paid X9 Image Setup Fee	\$3500.00
Checks paid X9 Images	\$0.02
Manual stop payment	\$20.00
Online stop payment	\$10.00
Cashier's check	\$20.00
Transact Gateway check print implementation	\$1000.00

ACH services	
ACH debits/credits received	\$0.15
ACH debits/credits originated	\$0.15
ACH debits/credits originated — same day premium	\$5.00
ACH block monthly maintenance (per account)	\$20.00
ACH filter monthly maintenance (per account)	\$20.00
ACH deletion	\$6.00
ACH return	\$8.00
Unauthorized ACH return	\$12.50
ACH reversal	\$15.00
ACH notification of change	\$4.00
ACH notification of change — correction	\$4.00
SVB Online Banking ACH implementation	\$50.00
ACH direct send file transmission implementation	\$500.00
ACH direct send file transmission maintenance	\$200.00
Transact Gateway ACH payment implementation	\$1000.00



Wire transfer services	
<b>Incoming wire transfer</b>	<b>\$10.00</b>
Incoming wire with email notification	\$12.00
Outgoing wires initiated online	
<b>Domestic wire</b>	<b>\$12.00</b>
Domestic wire with email notification	\$17.00
USD international wire	\$25.00
USD international wire with email notification	\$30.00
FX international wire	\$25.00
In-country transfer request (MT101)	\$10.00
International FX wire with repair	\$35.00
FX intermediary/beneficiary bank (hard \$ charged)	\$35.00
Other wire services	
Standing wire	\$10.00
Standing wire with email notification	\$15.00
Auto drawdown wire	\$10.00
Auto drawdown wire with email notification	\$15.00
Wire initiation repair	\$30.00
Wire transfer exception (returns/missing data)	\$30.00
Wire recall/trace requests	\$30.00
Wire transfer miscellaneous	At cost
Transact Gateway wire payment implementation	\$1000.00

### Analysis checking

Silicon Valley Bank offers a wide variety of products and services to help meet your cash management needs. These products and services are available by contacting your Global Treasury and Payments advisor. Fees for these services can be offset by the balances maintained in your deposit account(s).

Other fees and charges may apply to your products and services. All fees are subject to change.

Learn more at [svb.com](http://svb.com).

Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Member FDIC

**EXHIBIT J**

**LIST OF FRANCHISEES (UNAFFILIATED) / DEPARTED FRANCHISEES**



**LIST OF FRANCHISEES AS OF DECEMBER 31, 2022**

<b>Shop Legal Entity*</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone Number</b>
L5 Skincare Shops, LLC**	3360 N Sepulveda Blvd Suite N110	Manhattan Beach	CA	90266	(888) 270 – 9248
L5 Skincare Shops, LLC**	931 Monroe Dr. NE	Atlanta	GA	30306	(888) 270 – 9248
L5 Skincare Shops, LLC**	123 Perimeter Center W #300	Dunwoody	GA	30346	(888) 270 – 9248
Project Skin LLC	1953 N Clybourn Ave,	Chicago	IL	60614	(513) 532 – 7128
L5 Skincare Shops, LLC	4922 Elm Street	Bethesda	MD	20814	(888) 270-9248
Peak Performance Skincare, LLC	950 W. Eisenhower Pkwy	Ann Arbor	MI	48103	(248) 953 - 4395
Victor B. Corp	40 E Ridge Pike	Conshohocken	PA	19428	(908) 418 – 2095
L5 Skincare Shops, LLC**	3010 North Henderson Ave Suite	Dallas	TX	75206	(888) 270 – 9248
L5 Skincare Shops, LLC**	815 King Street, Suite A	Alexandria	VA	22314	(888) 270 – 9248

**FRANCHISEES WHICH HAVE SIGNED BUT NOT YET OPENED AS OF DECEMBER 31, 2022**

<b>Shop Legal Entity*</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone Number</b>
Skin Care+ LLC	2150 E. Williams Field Rd Suite #115 Gilbert AZ 85295	Gilbert	AZ	85295	(480) 939-0788
L5 Skincare Shops, LLC**	6378 N. Scottsdale Rd Unit 140	Scottsdale	AZ	85253	(888) 270 – 9248
L5 Skincare Shops, LLC**	Long Beach Marketplace	Long Beach	CA	90803	(888) 270 - 9248
Intent Capital, LLC	3930 Tennyson St	Denver	CO	80212	(917) 392 - 6685
Intent Capital, LLC	63 N. Quebec St, Suite 103	Denver	CO	80230	(917) 392 - 6685
Intent Capital, LLC	TBD	Denver	CO	TBD	(917) 392 - 6685
Intent Capital, LLC	TBD	Denver	CO	TBD	(917) 392 - 6685
Hey Foxy, LLC	TBD	Delray	FL	TBD	(248) 709 - 9008
Skin Ventures LLC	TBD	Hyde Park	FL	TBD	(678) 333 - 3752
L5 Skincare Shops, LLC**	124 Krog Street NE, Suite A140	Atlanta	GA	30307	(888) 270 - 9248
L5 Skincare Shops, LLC**	3158 Peachtree Rd NE , Suite C ,	Atlanta	GA	30305	(888) 270 – 9248
Shawna Corman & Jordan Shewmaker, Individually	TBD	Lexington	KY	TBD	(859) 533 - 5055

Shop Legal Entity*	Address	City	State	Zip Code	Phone Number
817 Hospitality 1, Inc.	41 Northern Ave Boston	Boston	MA	02210	(248) 515 – 2453
Leah Huxtable and Holly Macke, Individually	TBD	Minneapolis	MN	TBD	(651) 402 - 6572
L5 Skincare Shops, LLC**	1829 14th St NW	District of Columbia	N/A	20009	(888) 270 – 9248
Firma Loria, Inc.	TBD	Jersey City	NJ	TBD	(908) 910 – 7820
City Glow NYC LLC	TBD	New York	NY	TBD	(781) 879 – 0903
HD Austin LLC	TBD	Austin	TX	TBD	(512) 923 - 6477
L5 Skincare Shops, LLC**	3010 N Henderson	Dallas	TX	75206	(888) 270 - 9248
L5 Skincare Shops, LLC**	10720 Preston Rd Suite 1001	Dallas	TX	75230	(888) 270 – 9248
Harkishin Karnani & Pallavi Karnani, Individually	2024 W Gray St	Houston	TX	77019	(704) 965 – 5849
L5 Skincare Shops, LLC**	5901 Winthrop St Suite K120	Plano	TX	75024	(888) 270 – 9248
L5 Skincare Shops, LLC**	116 State Street, Suite 150	Southlake	TX	76092	(888) 270 - 9248
Garrett Vargas, Individually	TBD	Seattle	WA	TBD	(425) 457 – 4856

**LIST OF FRANCHISEES WHO LEFT THE SYSTEM**

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

Shop Legal Entity*	City	State	Phone Number
■ Face Forward Cleveland, LLC	Cleveland	OH	(330) 697 - 9811

■ Terminated Development Territory in Cleveland, Ohio  
(Signed by Never Operational)

\* All Legal Entities have Development Rights except Project Skin LLC.

\*\* We currently plan to reacquire all HEYDAY Shops currently operated by L5 Skincare Shops, LLC, as well as all of its existing franchise development rights, in a transaction scheduled to close in late September or October 2023. An affiliate of L5 Skincare Shops, LLC currently remains an investor in the HEYDAY system.

**NEW YORK REPRESENTATIONS PAGE**

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

## State Effective Dates

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

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

	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	August 4, 2023
Maryland	Pending
Michigan	August 4, 2023
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	August 4, 2023

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

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Heyday Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan law requires that Heyday Franchise, LLC 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. New York requires that Heyday Franchise, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

If Heyday Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The franchisor is Heyday Franchise, LLC, located at 251 Little Falls Drive, Wilmington, Delaware 19808, (929) 314-2725.

Issuance date: August 4, 2023

The franchise sellers for this offering are Arielle Mortimer at Heyday Franchising LLC, 1130 Broadway, Front 1, New York, New York 10010, (929) 314-2725, as well as Kris Nieb, Shannon Nieb, Karen White, and Brian Garoutte, all at Franchise Evolution Partners. The address for the first 3 persons of the Franchise Evolution Partners team is 1685 S. Colorado Blvd., Unit S #163, Denver, Colorado 80222. The address for the final person is 8202 Newcomb Street, Apex, North Carolina 27539. Their telephone numbers are, respectively, (718) 501-7003, (917) 202-1365, (720) 985-7264, and (919) 896-7285.

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular states. I received a disclosure document from Heyday Franchise, LLC issued as of August 4, 2023, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. Development Rights Agreement
- D. Operations Source Table of Contents
- E. List of State Agencies/Agents for Service of Process
- F. Franchisee Representations Document
- G. Form of General Release
- H. State-Specific Additional Disclosures and Agreement Riders
- I. Shop Opening Services Agreement
- J. List of Franchisees / Departed Franchisees

\_\_\_\_\_  
Date

***(Date, sign, and return to us at our address above or by email to [franchising@heydayskincare.com](mailto:franchising@heydayskincare.com))***

\_\_\_\_\_  
Prospective Franchisee [Print Name]

\_\_\_\_\_  
Signature of Prospective Franchisee

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- G. Form of General Release
- H. State-Specific Additional Disclosures and Agreement Riders
- I. Shop Opening Services Agreement
- J. List of Franchisees / Departed Franchisees

\_\_\_\_\_  
Date

*(Date, Sign, and Keep for Your Own Records)*

\_\_\_\_\_  
Prospective Franchisee [Print Name]

\_\_\_\_\_  
Signature of Prospective Franchisee