

# GLOSSLAB

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## FRANCHISE DISCLOSURE DOCUMENT

### GLOSSLAB FRANCHISING, LLC

1821 Purdy Ave  
Miami Beach, FL 33139  
1-833-GLOSSED  
www.glosslab.com  
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Glosslab Franchising, LLC offers area representative (“AR”) franchises for the operation of a business that solicits, screens, recruits, develops, services and supports third party franchisees that operate Glosslab nail salons within a designated development territory.

The total investment necessary to begin operation of a Glosslab AR franchise ranges from \$112,250 to \$332,050. This includes \$106,750 to \$309,050 that must be paid to us and our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 1821 Purdy Ave., Miami Beach, FL 33139 or by phone at (833) GLOSSED.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](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: August 11, 2023

## How to Use this Franchise Disclosure Document

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

| QUESTION                                                                                 | WHERE TO FIND INFORMATION                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 E. |
| <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 F 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 Glosslab AR franchise in my area?</b>                    | Item 12 and the "territory" provisions in the AR 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 is it like to be a Glosslab AR franchisee?</b>                                   | Item 20 or Exhibit E 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 Exhibit in this disclosure document to better understand this franchise opportunity. See the table of contents.                                                    |

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

1. **Out-of-State Dispute Resolution:** The franchise agreement and area representative agreement (“AR Agreement”) require you to resolve disputes with the Franchisor by mediation, arbitration and/or litigation only in Miam-Dade County, Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the Franchisor in Florida than in your own state.

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.

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## **ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

In this Disclosure Document, the words “we,” “our,” “us” and “Glosslab” each refer to Glosslab Franchising, LLC, the franchisor. “You” and “your” refer to the person who buys the franchise, also called the franchisee. A person in this Disclosure Document means an individual or a legally recognized entity, such as a corporation, limited liability company or other business entity. Certain provisions of the franchise agreement apply to your owners and are noted in this Disclosure Document.

### **Franchisor Information**

Glosslab Franchising, LLC is a Delaware limited liability company that was organized on February 10, 2023. Our principal business address is located at 1821 Purdy Ave., Miami Beach, FL 33139 and our telephone number is (833) GLOSSED. Our agent for service of process is disclosed in Item 1 to this Disclosure Document. We do not do business under any names other than “Glosslab Franchising, LLC” and “Glosslab”.

### **Business History**

We began offering Glosslab single and multi-unit franchises in May 2023 and Area Representative (“AR”) franchises in August 2023. We are not engaged in any business other than the offering of Glosslab single unit and multi-unit franchises and AR franchises. ARs are authorized to open and own, or to solicit, recruit, service and support owners for, a specified number of franchises located in a defined geographic area according to a development schedule. As of the issuance date of this Disclosure Document, we have not sold any AR franchises. We have never offered franchises in any other line of business.

Glosslab multi-unit (minimum of 10 Glosslab Stores) and single unit franchises are offered under a separate Disclosure Document, the Multi/Single Unit Franchise Disclosure Document. As of the date of this Disclosure Document, we have sold three (3) Glosslab franchise Stores and a further seven (7) Glosslab franchise Stores to be developed in accordance with an Area Development Agreement. A Glosslab franchised business consists of a nail salon (“Store”) specializing in providing high-end manicure, pedicure, and other nail care services, as well as selling proprietary nail care products.

We have not operated a business similar to the Glosslab business being offered under this franchise. However, our affiliate currently operates seventeen (17) Glosslab stores in Connecticut, Washington D.C., Maryland, New York, New Jersey, and Texas. The Glosslab affiliate-owned stores began opening in New York in September 2018.

### **Parents, Affiliates and Predecessors**

We are a direct, wholly-owned subsidiary of Glosslab Ventures, LLC, which in turn, is a direct, majority owned subsidiary of Glosslab, LLC. Glosslab Ventures, LLC and Glosslab, LLC were organized as Delaware limited liability companies and were formed on March 1, 2023 and December 5, 2016, respectively. The principal business addresses for both Glosslab Ventures, LLC and Glosslab, LLC is 49 West 23rd Street, 2nd Flr., New York, NY 10010. Both entities do not currently offer franchises in any line of business nor operate any Glosslab Franchised Stores.

We do not have any predecessors.

Glosslab Distribution, LLC is a Delaware limited liability company formed on February 10, 2023. Its principal business address is 1821 Purdy Ave, Miami Beach, FL 33139. Glosslab Distribution, LLC provides

product, inventory, and supply distribution to Glosslab franchised Stores. Glosslab Distribution, LLC does not currently offer franchises in any line of business, operate any Glosslab Franchised Stores, or have any other business activities.

We are party to an intellectual property license agreement with our affiliate, Glosslab IP, LLC, a Delaware limited liability company formed on or about February 10, 2023, solely to be the holder of the intellectual property utilized in our franchise system. Glosslab IP, LLC's principal business address is 1821 Purdy Ave, Miami Beach, FL 33139. Glosslab IP, LLC does not currently offer franchises in any line of business, operate any Glosslab Franchised Stores, or have any other business activities.

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

### **Description of Franchised Business**

As an AR, you will be responsible for performing a variety of franchise sales, servicing, and support functions with respect to Glosslab franchisees. These services include soliciting, screening, recruiting, developing, servicing, and supporting Glosslab franchises. We will delegate to you our franchise support obligations under the franchise agreements we sign with franchisees in your Development Territory (defined in Item 12). In exchange, we will pay you the following commissions for revenues we receive from third party franchisees that purchase Glosslab franchises in your Development Territory: (i) 50% of the net initial franchise fee; and (ii) 37.5% of royalty fees. The "net" initial franchise fee means the total amount of the initial franchise fee that we collect less any amounts we must pay to third party brokers, in-house commissioned salespeople, online lead generation service companies or other referral sources, relating to the sale. You understand that you are essentially acting as our "broker" within your Development Territory. With our prior approval, you may engage other brokers, lead generation companies or referral sources to solicit and refer prospects to you. However, you are solely responsible for all brokerage and other fees owed to brokers, lead generation companies and referral sources that you engage, meaning that you will pay these fees directly out of the 50% of the net initial franchise fee that we pay to you.

We will pay you the same commissions on the fees that you (or your affiliates) pay for each Glosslab Store owned and operated by you (or your affiliate).

You must sign our standard form of Area Representative Agreement (the "AR Agreement"), the form of which is attached to this Disclosure Document as EXHIBIT "C". You will perform your AR services according to the policies and procedures described in our AR Manual (the "AR Manual"). All of our policies and procedures may change from time to time.

As an AR, you will solicit and screen prospective franchisees to ensure they meet our minimum qualifications and requirements. You will refer any qualified prospect to us, and we will determine, in our commercially reasonable judgment, whether to sign a franchise agreement with the prospect. You are not authorized to sign franchise agreements or other binding agreements with franchisees. However, you are responsible for complying with all franchise laws relating to your solicitation of franchisees, including providing a copy of our multi and single unit Franchise Disclosure Document (the "Multi/Single Unit Franchise Disclosure Document") in the time and manner required by applicable law (unless we choose to control the disclosure process ourselves).

If we sign a franchise agreement with a franchisee in your Development Territory, you must provide the franchisee with all pre-opening support and ongoing assistance that we require, including in the areas of: (i) site selection and lease negotiation; (ii) constructing, developing and equipping Glosslab Stores; (iii) conducting grand

openings and sales and marketing support; (iv) operational and quality control issues; (v) the sourcing of equipment, fixtures, furnishings, inventory and supplies; and (vi) the closure, relocation, renewal and transfer of Glosslab Stores. You will also help us administer the franchise system in your Development Territory by monitoring and inspecting the operations of Glosslab franchised businesses, assisting us with enforcing the terms of franchise agreements, and the franchisee confidential brand standards manual (the “Franchisee Operations Manual”) against franchisees who are in breach of their obligations, and assisting franchisees who seek to close or transfer their franchises. You are required to perform these services to our satisfaction in order to entitle you to receive 37.5% of the royalty paid by each franchisee in your Territory.

You must develop the minimum number of franchises in your Development Territory that are specified in the development schedule that is described in Attachment “D” to your AR Agreement. Any Glosslab Store that you directly own and operate (including any Stores owned and operated by your affiliates) will be counted in determining whether you are meeting your minimum development obligations. Unless we agree to the contrary, you must directly own and operate at least one (1) Glosslab Store and further develop and operate an additional two (2) Glosslab Stores during the entire term of the AR Agreement.

We have developed a distinct system (the “System”) for the operation of Glosslab Franchised Stores. Distinctive characteristics of the System include Glosslab branded and non-branded products, the “Glosslab” logo, proprietary techniques and products, the Franchisee Operations Manual and operating system. You will operate your Glosslab AR franchise as an independently owned and operated business using the Marks, the System, the Glosslab name, as well as the support, guidance and other methods and materials provided or developed by us.

### **Market and Competition**

We believe that the market for the services offered at a Glosslab Store is competitive and rapidly developing. Glosslab Stores compete primarily with other nail and beauty salons, national chains, health clubs, beauty parlors, beauty supply stores, e-commerce (Internet) businesses, secondary online markets (e.g., Amazon, eBay) and other independently owned companies. Some of these businesses operate through franchise systems. They may be independently owned and operated or may consist of regional or national chains.

As an AR, you will compete with other franchise systems in the salon industry seeking to recruit franchisees in your Development Territory.

### **Laws and Regulations**

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. You should inquire about such laws. Some states have laws and regulations that specifically apply to nail and beauty salons which may impose restrictions or requirements relating to the sale of memberships valid for a specified period of time, the training of nail technicians, the holding of membership fees in an escrow account before a Store is open, as well as other restrictions on what nail and beauty salons offer for sale. You should obtain advice and guidance on these possible restrictions before opening your Store.

As an AR, you must also comply with all local, state, and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the workplace, minimum wage, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws. You must also comply with federal, state, and local health and sanitation laws. Some jurisdictions have passed laws that



require businesses to pay employees a higher minimum wage than is required under federal law. These laws may disproportionately affect franchises. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Founder and Chief Executive Officer: Rachel Glass**

Rachel is the Founder and CEO of Glosslab, LLC. She is based out of New York City, NY and has been in her current role since June 2018.

### **President: Gary Gaines**

Gary is the President of Glosslab, LLC. He is based out of Larchmont, NY and has been in his current role since March 2023. Before joining Glosslab, LLC, Mr. Gaines was the GM/EVP of CrossFit LLC based out of Boulder, CO from September 2020 to December 2022. He also was the SVP of Global Operations of SoulCycle in New York, NY from April 2019 to September 2020. Prior to SoulCycle, he served as VP, Global Operations at LYFT from September 2018 to April 2019 in San Francisco, CA. Prior to LYFT he served as GM/VP at Tesla Motors from April 2017 to September 2018 in Fremont, CA.

### **Vice President of Franchise Operations: Michael Marrone**

Mike is the Vice President of Franchise Operations for Glosslab, LLC. He is based out of Washington, D.C. and has been in his current role since May 2023. Before joining Glosslab, LLC, Mr. Marrone was the Director of Business Development & Market Growth for CrossFit LLC in Boulder, CO from April 2021 to May 2023. Prior to joining CrossFit, Mr. Marrone was a Senior Consultant with Deloitte Consulting, LLP in Washington, D.C. from August 2019 to April 2021. Prior to Deloitte, Mr. Marrone served as a Senior Analyst for Lockheed Martin Corp. in Bethesda, MD from June 2018 until August 2018.

### **Senior Vice President of Special Operations: Steve Moroneso**

Steve is the Senior Vice President of Special Operations of Glosslab, LLC. He is based out of Fort Worth, TX and has been in his current role since April 2022. Before joining Glosslab, LLC, Mr. Moroneso was the CEO of General Wireless based out of Fort Worth, TX from January 2018 to December of 2021.

### **Director of Financial Planning & Analysis: Kern Marshall**

Kern is the Director of Financial Planning & Analysis of Glosslab, LLC. He is based out of New York City, NY and has been in his current role since September 2022. Before joining Glosslab, LLC, Mr. Marshall was the Director of Financial Planning & Analysis of Sport Clips Haircuts, a Hair Salon Franchisor based out of Austin, TX from November 2020 to September 2022. Prior to that, he worked for European Wax Center where he held multiple roles, most recently Director of Financial Planning & Analysis from February 2016 until June 2020 in Austin, TX.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4 BANKRUPTCY**

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

**ITEM 5 INITIAL FEES**

If you enter into an AR Agreement for the development and support of (10) or more Glosslab Stores, at the time you sign the AR Agreement, you must pay us an initial Development Fee that is calculated as \$10,000 multiplied by the total number of Glosslab Stores to be developed in your Development Territory. For example, a Development Territory that could sustain 20 Glosslab Stores would require a Development Fee of \$200,000. We anticipate that most development fees will range from \$100,000 (for a Development Territory that can sustain 10 franchises) to \$300,000 (for a Development Territory that can sustain 30 franchises). The development fee is non-refundable, uniformly imposed and fully earned upon receipt. You must pay us the Development Fee by wire transfer.

**ITEM 6 OTHER FEES**

| <b>TYPE OF FEE</b><br>1                    | <b>Amount</b>                                                                                 | <b>Due Date</b>                                                     | <b>Remarks</b>                                                                                                                                                                                                                                                                        |
|--------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology Service Fee <sup>2</sup>        | Not currently charged under AR Agreement                                                      | 10 days after invoicing or as otherwise specified from time to time | See Note 2.                                                                                                                                                                                                                                                                           |
| Franchise Management Software <sup>3</sup> | Up to \$250                                                                                   | Monthly                                                             | Payable if we provide you access to our then current franchise management software for use by you for sales, prospecting, FDD submission, application profiles management, and other requirements necessary to track development in your territory. See Note 3.                       |
| On-Site Training Fees <sup>4</sup>         | Up to \$1,000 per person (trainee) per day plus reimbursement of expenses                     | 10 days after invoice                                               | Payable if we provide any on-site training in your Development Territory. You must also reimburse us for all expenses we incur, including food, lodging and travel. See Note 4.                                                                                                       |
| Ongoing Training <sup>5</sup>              | Currently \$350 per day per associate, plus our expenses                                      | Time of assistance.                                                 | As part of our AR launch support training, we provide assistance around the beginning of AR operations and sales. If you request additional assistance, and we agree to provide additional assistance to you, you will pay our additional operations assistance fee to us. See Note 5 |
| Conferences                                | Up to \$1,000 per person per day<br><br>You must also pay your expenses as well as employees' | Time of program                                                     | We may require you to attend ongoing AR training, including conferences, which may be subject to additional fees, however we try to limit the amount of these sessions for which you will be required to travel.                                                                      |

|                                                |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | expenses in attending.                                                                                                                                                                                                                                                                                        |                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Marketing Materials and Inventory <sup>6</sup> | Varies depending on item purchased                                                                                                                                                                                                                                                                            | If purchased from required or approved Vendor, according to Vendor Terms; otherwise, 10 days after invoice or as otherwise specified from time to time | We may provide you with our current price list at the time you sign the AR Agreement. You must purchase materials and inventory through our us or required or approved suppliers/vendors. See Note 6.                                                                                                                                                                                                                                                                                     |
| Audit Fee                                      | Actual cost of audit (including travel and lodging expenses for audit team)                                                                                                                                                                                                                                   | 10 days after invoice                                                                                                                                  | Payable only if the audit (i) reveals that you have committed a material default; or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.                                                                                                                                                                                                                                                                                              |
| Renewal Fee                                    | 25% of development fee imposed for Development Territory                                                                                                                                                                                                                                                      | At time you sign renewal AR Agreement                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Transfer Fee                                   | \$10,000 for the first store transferred and \$500 for each additional store or license transferred if they occur in a single transaction.<br><br>Plus a \$1,000 non-refundable processing fee paid to us upon transfer requests, which gets credited against the actual transfer fee if the transfer occurs. | Before transfer                                                                                                                                        | Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners.<br><br>These fees are intended to cover legal and other administrative expenses to be incurred by us in connection with these transfers.<br><br>We may waive or reduce transfer fees under certain circumstances in our discretion (e.g., due to death or incapacity, distressed operations). |
| Interim Manager Fee                            | Commercially reasonable rate                                                                                                                                                                                                                                                                                  | 10 days after invoice                                                                                                                                  | If you materially default under the AR Agreement or the Managing Owner dies or becomes disabled, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Managing Owner, as applicable.                                                                                                                                                                                                                                             |
| Indemnification                                | Will vary with circumstances                                                                                                                                                                                                                                                                                  | 10 days after invoice                                                                                                                                  | You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Business or your breach of the AR Agreement.                                                                                                                                                                                                                                                                                                                        |

|                                                         |                                                      |                       |                                                                                                                                                                                  |
|---------------------------------------------------------|------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Attorneys' Fees and Costs                               | Will vary with circumstances                         | Upon demand           | You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the AR Agreement or any other agreement with us or our affiliates. |
| Insurance                                               | Actual cost of premiums, plus our costs and expenses | 10 days after invoice | If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.                                                        |
| Background Investigation Software/Platform <sup>7</sup> | Up to \$100                                          | Monthly               | Payable to us or our supplier/third-party, as directed, should we require you this for your Development Territory                                                                |

NOTES:

(1) All fees are imposed by and are payable to us. All fees are non-refundable and uniformly imposed on franchisees. We may require that you sign an ACH Authorization Form (attached to your Franchise Agreement as Attachment "E"), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the development fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. The fees disclosed in this table are in addition to the fees that are imposed under the Franchise Agreement and disclosed in our Multi/Single Unit Franchise Disclosure Document.

(2) You must purchase and utilize all software and technology that we require for the operation of your Business. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create new or additional proprietary software that must be used by ARs, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. All of the fees referenced in this paragraph comprise the technology fee. We can change the software and technology that must be used by our franchisees at any time, which may result in a change in the technology fee.

(3) We currently use FranConnect to manage franchise leads, sales, and training programs. In facilitating your ability to generate leads, win/capture, and provide necessary training, you may require access to FranConnect, for which you will be charged a monthly fee, paid directly to us, not to exceed \$250 per month.

(4) We do not charge to provide you with the initial Area Representative Training Program; the cost is covered in the lump sum Development Fee you pay to us. You are responsible for all costs associated with attending training at the location we specify. These costs include transportation, meals, and lodging. Your total cost will vary based on who you choose to attend, how far they have to travel, and the type of accommodations you choose. We reserve the right to charge you a training fee for additional on-site training, additional training for an individual you or we deem requires the AR Training Program and was not in attendance at the initial AR Training Program session, and/or if we provide training to your persons at different times or training becomes excessive. We may also charge training fees for special training programs. These costs are typically non-refundable. We also reserve the right to charge you to recover any non-refundable travel, lodging or other costs or fees in the event you alter training dates or scheduling without sufficient notice.

(5) As part of our initial training, we provide assistance around the beginning of AR operations and sales.

If you request additional assistance, and we agree to provide additional assistance to you, you will pay our additional operations assistance fee to us. This training is typically virtual. If we provide on-site training, you will pay us the applicable fee for Additional On-Site Training.

(6) You are required to use our then current required or approved vendors/suppliers for any marketing materials, products, or services you use to execute your AR duties and responsibilities.

(7) We may require you to complete background checks on all Franchisee leads and prospects, which may incur an additional licensing fee that you will pay us or our approved third-party Vendor.

**ITEM 7 ESTIMATED INITIAL INVESTMENT**

| <b>YOUR ESTIMATED INITIAL INVESTMENT – AREA REPRESENTATIVE</b>                                                                   |                                                                                                                 |                          |                                        |                                      |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------|--------------------------------------|
| <b>Type of Expenditure</b>                                                                                                       | <b>AMOUNT 1</b>                                                                                                 | <b>Method of Payment</b> | <b>When Due</b>                        | <b>To Whom Payment Is To Be Made</b> |
| Development Fee                                                                                                                  | \$100,000 to \$300,000                                                                                          | Lump sum                 | At time you sign AR Agreement          | Us                                   |
| AR Training Program Expenses (travel, hotel and living expenses for 1 person) <sup>2</sup>                                       | \$1,500 to \$5,000                                                                                              | Lump sum                 | Before opening                         | Suppliers                            |
| AR Office Expenses (includes 3 months’ rent, security deposit and basic office furnishings, equipment and supplies) <sup>3</sup> | \$0 to \$5,000                                                                                                  | As incurred              | Before opening and 3 months after      | Landlord and suppliers               |
| AR Initial Marketing Expenses <sup>4</sup>                                                                                       | \$6,000 to \$8,000                                                                                              | Lump sum                 | During the first 90 days after opening | Us or approved suppliers             |
| Technology and Software (franchise management software, background investigation platform)                                       | \$750-\$1,050                                                                                                   | As incurred each month   | As incurred each month                 | Us or approved suppliers             |
| Insurance                                                                                                                        | \$1,500 to \$4,000 (this is in addition to the insurance expenses associated with your Glosslab Store business) | Lump sum                 | Before opening                         | Insurance companies                  |
| Professional Fees                                                                                                                | \$1,000 to \$4,500                                                                                              | Lump sum                 | Before opening                         | Attorneys                            |

|                                                              |                        |             |             |                         |
|--------------------------------------------------------------|------------------------|-------------|-------------|-------------------------|
|                                                              |                        |             |             | and accountants         |
| Additional Funds (3-month period after opening) <sup>5</sup> | \$1,500 to \$4,500     | As incurred | As incurred | Suppliers and employees |
| <b>Total Estimated Initial Investment</b> <sup>6</sup>       | \$112,250 to \$332,050 |             |             |                         |

NOTES:

(1) This estimate assumes that most Development Fees will cover commitments of 10 to 30 Glosslab Stores in a Development Territory. We do not offer direct or indirect financing for any of these items at this time. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable. This table does not include the costs that you will incur relating to the establishment and operation of your Glosslab Store business. Some of the expenses you incur relating to your Glosslab Store will carry over and also cover the same or similar expenses with respect to your AR Business, including your computer system, training expenses, insurance premiums, professional fees, utility deposits and working capital. The table above only lists your expenses that are in addition to those you will incur with respect to the establishment of your Glosslab Store.

(2) This estimate includes the estimated cost to attend the area representative portion of our initial training program. ARs must also attend our standard initial training program that we require for all Glosslab business franchisees.

(3) You must purchase or lease an office from which you will administer your Business. We do not have any standards or specifications for your office except that it must be located in the Development Territory and must be suitable for training and supporting franchisees. You may locate your office within the facility for your Glosslab Store, in which case you will not incur any additional expense. However, in the future we may require you to establish and maintain a separate facility if necessary to adequately accommodate franchisee training. The estimate above includes three (3) month's rent, security deposit and office furniture, equipment and supplies.

(4) We require that you spend at least \$2,000 per month to market the franchise opportunity. Some ARs may choose to spend more.

(5) This estimates your expenses during the first 3 months of operation, including marketing and other miscellaneous expenses and required working capital. It does not include any wage or salary paid to you and assumes you will not hire any managers or employees during the first 3 months of operation. This estimate includes working capital that is in addition to the working capital required for your Glosslab business.

(6) These figures are estimates based on the prior experience of our principals and their advisors. However, we have never offered AR franchises, so our experience is limited. You may have additional expenses starting your Business. Your costs will depend on a variety of factors, including: how closely you follow our methods and procedures; your management skills, experience and knowledge; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Source Restricted Purchases and Leases - Generally**

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

### **Supplier Criteria**

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

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

### **Current Source Restricted Items**

As described in the separate FDD you received relating to the purchase of your Glosslab Store franchise, we currently require that you purchase or lease a variety of source restricted goods and services relating to the operation of your Glosslab business.

In addition to those purchases, as an area representative we require that you purchase (i) errors and omissions insurance in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and (ii) general liability insurance in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate relating to your area representative business.

We also require that all of your marketing materials comply with our standards and requirements. We must approve all of your marketing materials before you use them, including marketing materials that you use to solicit the sale of franchises. You must purchase all marketing and advertising material, including branded marketing materials, only from us or other suppliers that we designate or approve, . We may require that you utilize a designated marketing company to implement your grand opening marketing campaign and/or ongoing marketing campaigns (we do not have a designated marketing company at this time).

We estimate that nearly 35% of the total purchases and leases that will be required to establish and operate your Business will consist of source restricted goods or services.

## **Purchase Agreements**

We may try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). If a certain supplier is not required, and if you do not use our approved and recommended provider, you must hire another provider of your choosing, approved by us, to provide these services, for which there may be a fee associated with testing and vetting such provider.

## **Franchisor Revenues from Source Restricted Purchases**

We are not currently an approved or designated supplier for any items that must be purchased or leased by area representatives. However, we reserve the right to designate ourselves or an affiliate as an approved or designated supplier for any items we specify in the future.

No persons affiliated with us are currently an approved (or the only approved) supplier for an area representative.

## **ITEM 9 FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the Area Representative Agreement (“AR Agreement”) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.**

| <b>OBLIGATION</b>                                                       | <b>Sections in Agreement</b>                | <b>Disclosure Document Item</b> |
|-------------------------------------------------------------------------|---------------------------------------------|---------------------------------|
| a. Site selection and acquisition/lease                                 | Not Applicable                              | Item 7 & Item 11                |
| b. Pre-opening purchases/leases                                         | Section 17.4, 20.3                          | Item 7, Item 8 & Item 11        |
| c. Site development and other pre-opening requirements                  | Not Applicable                              | Item 7 & Item 11                |
| d. Initial and ongoing training                                         | Section 11                                  | Item 6 & Item 11                |
| e. Opening                                                              | Section 3                                   | Item 11                         |
| f. Fees                                                                 | Section 5, 7.2, 8.3, 11.3, 11.5, 13.7, 24.2 | Item 5 & Item 6                 |
| g. Compliance with standards and policies/Training & Operations Manuals | Section 12.1, 13, 14, 15, 16, 17, 22.1      | Item 11                         |
| h. Trademarks and proprietary information                               | Section 22                                  | Item 13 & Item 14               |
| i. Restrictions on products/services offered                            | Section 17.3                                | Item 16                         |
| j. Warranty and client service requirements                             | Section 17.2                                | Not Applicable                  |
| k. Territorial development and sales quotas                             | Section 13.1                                | Item 12                         |



|                                                                                                                                 |                          |                         |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|
| l. Ongoing product/service purchases                                                                                            | Section 17.4             | Item 8                  |
| m. Maintenance, appearance and remodeling requirements                                                                          | Section 17.4(b)          | Item 11                 |
| n. Insurance                                                                                                                    | Section 20.3             | Item 6, Item 7 & Item 8 |
| o. Marketing and advertising                                                                                                    | Section 16               | Item 7 & Item 11        |
| p. Indemnification                                                                                                              | Section 23               | Item 6                  |
| q. Owner's participation/management/staffing                                                                                    | Section 8                | Item 11 & Item 15       |
| r. Records/reports                                                                                                              | Section 15.3, 15.4, 20.1 | Item 6                  |
| s. Inspections/audits                                                                                                           | Section 21               | Item 6 & Item 11        |
| t. Transfer                                                                                                                     | Section 24               | Item 17                 |
| u. Renewal                                                                                                                      | Section 7                | Item 17                 |
| v. Post termination obligations                                                                                                 | Section 26               | Item 17                 |
| w. Non-competition covenants                                                                                                    | Section 19               | Item 17                 |
| x. Dispute resolution                                                                                                           | Section 27               | Item 17                 |
| y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses) | ATTACHMENT C             | Item 15                 |

**ITEM 10 FINANCING**

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

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

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

Before you begin soliciting, developing or servicing franchisees, we will:

1. License you the Marks necessary to begin operating your Business. (Section 3)
2. Loan you one (1) copy of the AR Manual, which will help you establish and operate your Business. See Section below entitled "Manuals" for additional information. (Section 12.1)
3. Provide an initial area representative training program. See Section below entitled "Area Representative Training Program" for additional information. (Section 11.1)
4. Provide you with access to certain franchise marketing materials that you may download for the marketing of Glosslab franchises, as well as additional marketing material that will be required and purchased from approved or required suppliers. (Section 12.2)

5. Provide you with a copy of our then-current form of the Multi/Single Unit Franchise Disclosure Document for the offer and sale of Glosslab franchises. (Section 13.4)

During the operation of your Business, we will:

1. Pay you commissions based on the initial franchise fees and royalty fees that we collect from franchisees located in your Development Territory. Commissions are paid by the 30<sup>th</sup> day of each month for fees collected during the prior month. (Section 6)

2. Maintain, or cause an affiliate of ours to maintain, the corporate website to fulfill a variety of functions, including the promotion of Glosslab businesses as well as the solicitation of the purchase of Glosslab franchises. If the website generates a franchise lead seeking to purchase a franchise within your Development Territory, we will refer the lead to you. (Section 12.3)

3. Provide you with reasonable levels of ongoing consultation, guidance, assistance and support to enable you to market, develop and support franchises. (Section 12.4)

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

1. Provide on-site training or assistance that you request or we require at a mutually convenient time. See Section below entitled “Area Representative Training Program” for additional information. (Section 11.3)

2. Provide periodic refresher or additional training programs for area representatives. See Section below entitled “Area Representative Training Program” for additional information. (Section 11.2)

3. Hold periodic national area representative conferences to discuss business and operational issues affecting area representatives. Attendance at these conferences is mandatory. (Section 11.4)

4. Establish an area representative advisory council to provide us with suggestions to improve the Glosslab franchise system and the method of operation of area representatives. See Section below entitled “Advisory Council” for additional information. (Section 18)

**Area Representative Training Program** (Section 11)

*Overview*

We will provide an area representative training program for the Managing Owner (defined in Item 15). Training takes place at any Glosslab Store we designate, or virtually through video conference (or any other location we designate in the future). The training program includes franchise sales training and franchise service and support training. The franchise sales training is designed to introduce you to certain legal compliance issues pertaining to the offer and sale of franchises, as well as certain area representative operational matters. The franchise service and support training are designated to teach you how to evaluate, inspect and support franchisees. The entire training program lasts 3 to 5 days.

We will provide the training program for your Managing Owner, manager (if any) and all of your initial employees who will be involved with soliciting and/or supporting franchises. These individuals must successfully complete the initial training program to our satisfaction within 30 days after signing the AR Agreement. You may

not begin soliciting, recruiting, servicing or supporting franchisees until the Managing Owner successfully completes the franchise sales training.

We can modify the training program in our discretion based upon our subjective assessment of the skills, abilities and prior experience of your owners and employees. Currently, we intend to offer the initial training program as often as necessary to meet the demand of our area representatives.

Training Topics

The classroom portion of the initial training program consists of the following:

**TRAINING PROGRAM**

| <b>SUBJECT</b>                                                          | <b>TIME</b>                   | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> |
|-------------------------------------------------------------------------|-------------------------------|------------------------------------|-------------------------------------|
| WELCOME TO GLOSSLAB                                                     | DAY 1<br>8:00 AM to 9:30 AM   | 1.5                                | 0                                   |
| WHAT IS GLOSSLAB?                                                       | DAY 1<br>9:45 am to 12:00 am  | 2.25                               | 0                                   |
| WHAT TO EXPECT ON YOUR AR GLOSSLAB JOURNEY                              | DAY 1<br>1:00PM to 2:00 PM    | 1                                  | 0                                   |
| AR ROLES & RESPONSIBILITIES                                             | DAY 1<br>2:00 PM to 3:00 PM   | 1                                  | 0                                   |
| STORE OWNER ROLES & RESPONSIBILITIES                                    | 3:00 PM to 4:00 PM            | 1                                  | 0                                   |
| NEW STORE DEVELOPMENT CYCLE                                             | DAY 2<br>08:00 AM to 9:00 AM  | 1                                  | 0                                   |
| REAL ESTATE SELECTION, NEGOTIATION, LOI, LEASE, & TERRITORY PROTECTIONS | DAY 2<br>9:15 AM to 10:15 AM  | 1                                  | 0                                   |
| BUILDOUT PROCESS                                                        | DAY 2<br>10:30 AM TO 12:00 PM | 1.5                                | 0                                   |
| MARKETING & ADVERTISING                                                 | DAY 2                         | 1.5                                | 0                                   |

|                                                                          |                                  |       |   |
|--------------------------------------------------------------------------|----------------------------------|-------|---|
|                                                                          | 1:00 PM TO<br>2:30 PM            |       |   |
| VENDORS & SUPPLIERS                                                      | 2:45 PM to<br>3:45 PM            | 1     | 0 |
| GLOSSLAB SALES<br>METHODOLOGY &<br>SYSTEMS                               | DAY 3<br>8:00 AM to<br>10:00 AM  | 2     | 0 |
| PHASE 1: LEAD GEN,<br>SOLICITING, & PRESALES                             | DAY 3<br>10:15 AM TO<br>12:15 PM | 2     | 0 |
| PHASE 2: CLOSING,<br>TERRITORY<br>PROTECTIONS, & PRE-<br>OPENING SUPPORT | DAY 3<br>1:15 PM TO<br>3:15 PM   | 2     |   |
| PHASE 3: GRAND<br>OPENING MONTH                                          | DAY 3<br>3:30 PM TO<br>4:30 PM   | 1     | 0 |
| KPIs & OBJECTIVES                                                        | DAY 4<br>9:00 AM TO<br>10:00 AM  | 1     | 1 |
| PHASE 4: ONGOING<br>FRANCHISEE SUPPORT &<br>SERVICES TRAINING            | DAY 4<br>10:15 TO<br>12:15 PM    | 2     |   |
| REPORTING                                                                | DAY 4<br>1:15 PM TO<br>2:15 PM   | 1     | 0 |
| Q&A                                                                      | DAY 4<br>2:00 PM TO<br>3:00 PM   | 1     |   |
| Total                                                                    |                                  | 19.75 | 0 |

### Training Materials

The training materials will consist of the AR Manual, franchise marketing materials, our Multi/Single Unit Franchise Disclosure Document, the Franchisee Operations Manual, as well as various other materials. The format for training may include in-person training at a designated Glosslab Store, conference calls, webinars and/or

lectures. You will not be charged an additional fee for any of the training materials required for the AR Training Program.

### TRAINING INSTRUCTORS

| Instructor              | Subjects Taught                                                                                        | Experience in the Field* (Years) | Experience with Franchisor/Affiliate* (Years) |
|-------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------|
| <b>Shannon O'Malley</b> | Services Training<br>Client Sales Techniques<br>Client Service Training<br>Brand and Product Knowledge | 9 years                          | 5 years                                       |
| <b>Michael Marrone</b>  | Franchise Sales<br>Franchise Marketing<br>Territory Protections<br>Legal Compliance                    | 3 years                          | 4 months                                      |

#### Ongoing Training

From time to time, we may provide periodic refresher courses for ARs. Attendance at these training programs is mandatory. You may also request that we provide additional training (either at corporate headquarters or at your Store). We are not required to provide this additional training. We will charge you a fee for any additional or ongoing training we require or that you request, as the case may be.

#### Training Fees and Costs

We do not charge a training fee for any of the training materials or for the initial training program, which may take place at any designated Glosslab Store of our choosing or virtually. Any system-wide refresher or additional training that we conduct at our headquarters, at a Glosslab Store, or virtually, you must pay us a training fee of up to \$350 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owner or, managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request. If we agree to provide onsite training or assistance, you must pay us \$1,000 per day and reimburse us for all costs incurred by our representative for meals, travel and lodging (this obligation does not apply to on-site training we provide as part of the pre-opening initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

#### Manual (Section 6.1, Section 12.2 & Section 25.8)

We will lend you our AR Manual in text or electronic form for the term of your AR Agreement. The AR Manual may include, among other things, (i) mandatory and suggested specifications, operating procedures, approved and required suppliers, and quality standards for products, services and procedures that we prescribe from time to time for Glosslab ARs and franchisees; (ii) mandatory reporting and insurance requirements; (iii) mandatory and suggested specifications for your AR Business; (iv) policies and procedures pertaining to any program that we establish; and (v) franchise sales, accounting, marketing, brand compliance and legal compliance topics. The AR Manual is confidential and remains our property. We may modify the AR Manual upon 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the AR Agreement. The

AR Manual contains a total of 50 pages. A copy of the Table of Contents to the AR Manual is attached to this Disclosure Document as EXHIBIT "A".

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

You must purchase or lease an office from which you will administer your AR Business. We do not have any standards or specifications for your office except that it must be suitable for training and supporting franchisees. It must also present a professional appearance. Your area representative office may be located within the facility for your Glosslab Store.

We do not select a site for your office or identify an area within which you must establish your office. We do not own the premises and then lease it to you. You do not need our approval of the location of your office. However, your office must be located within your Development Territory.

If you establish a separate office for your Business, you do not need our approval of the lease for that office.

Similarly, we do not require that the lease for the area representative office include any specific terms.

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

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

You must purchase the computer system we specify relating to the operation of your Glosslab Store. The computer system is described in detail in our Multi/Single Unit Franchise Disclosure Document for our Glosslab franchise offering. We do not require that area representatives use any specialized computer system for the area representative component of the business. However, we may impose this requirement in the future.

You must purchase and utilize all software and technology that we require for the operation of your Business. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create new or additional proprietary software that must be used by area representatives, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. All of the fees referenced in this paragraph comprise the technology fee. We can change the software and technology that must be used by our area representatives at any time, which may result in a change in the technology fee.

**Marketing Fund** (Section 11.1)

We do not require that area representatives contribute to a separate fund under the AR Agreement. However, each Glosslab Store that is owned and operated by an area representative must contribute to the brand and system development fund described in the Multi/Single Unit Franchise Disclosure Document on the same basis as all other Glosslab franchisees. We have no obligation under the AR Agreement to spend our funds on marketing franchises in your Development Territory.

### **Local Advertising** (Section 11.2 & Section 11.3)

On an annual basis, you will develop a marketing plan for the development of your Development Territory for the ensuing 12-month period. As part of the marketing plan, we require that you spend an agreed upon minimum amount of funds to promote the franchise opportunity on an annual basis (\$2,000 per month is the minimum).

You agree to participate at your own expense in all advertising, promotional and marketing programs that we require. We may require that you administer a regional marketing program and/or marketing cooperative within your Development Territory for the benefit of all Glosslab Stores located in your Development Territory.

Before you begin soliciting franchisees, we will provide you with access to certain franchise marketing materials that you may download from our franchise management software or through email, as we may dictate. You may reproduce these materials at your cost, however as directed these may need to be reproduced through our required or approved suppliers. Throughout the term of your AR Agreement, we will provide you with access to any new or updated marketing materials that we develop. You may not use any advertising materials that have not been prepared or approved by us. You must submit to us any advertising materials that you prepare or modify, and we will have 14 days to review and either approve or reject the materials. You must immediately stop using any advertising materials that we disapprove (including items we previously approved and later disapprove). In some states (including California), all franchise advertisements must be submitted to the appropriate regulatory agency prior to use. You must use our required or approved suppliers for all marketing materials, resources, and services, unless approved by us in writing.

You may not maintain your own website or solicit franchisees on the Internet or on any social media site or through any other electronic, mobile or digital device, method or system without our prior approval. Specifically, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network (including social network services and social media sites such as Facebook, Twitter and LinkedIn) relating to your Business except as we specifically approve or require. We may impose mandatory marketing requirements that involve the use of the Internet or social media sites from time to time, including the use of micro-sites that you will administer in accordance with our policies and other requirements. If we do so, you agree to comply with all policies and procedures we specify from time to time. If we allow you to operate a micro-site or other website, we will own your domain name and associated URLs at all times. You may not apply for or acquire any domain name or URL that includes any of the Marks without our prior written consent. You agree to comply with any social media policy that we may develop.

We do not require that area representatives participate in an advertising cooperative. You are not required to participate in an advertising cooperative.

### **Advisory Council** (Section 13)

We may, but need not, create an AR advisory council to provide us with suggestions to improve the System and the methods of operation of area representatives. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under your AR Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. We would not be a member of the advisory council. Each member would be granted one (1) vote on all

matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

**Opening Requirements** (Section 7.5)

You may not begin soliciting the sale of franchises or servicing and supporting franchises until before: (i) successful completion of the initial AR Training Program; (ii) you purchase all required insurance; and (iii) you obtain all required licenses, permits and other governmental approvals.

We anticipate that a typical AR will begin operating within two (2) months of signing the AR Agreement.

**ITEM 12 TERRITORY**

**Location of your Office**

You must purchase or lease an office from which you will administer your Business. Your area representative office may be located within the facility for your Glosslab Store.

We do not select a site for your office or identify an area within which you must establish your office. You do not need our approval of the location of your office. However, your office must be located within your Development Territory.

**Your Protected Development Territory**

Before you sign your AR Agreement, we will designate the boundaries of the area in which you will solicit and service franchisees and operate your Business (your "Development Territory"). Your Development Territory will be described in Attachment "B" to your AR Agreement. There is no specific minimum or maximum area that we must include in a development territory although the smallest development territory would be capable of supporting a minimum of 10 Glosslab Stores.

Under your AR Agreement, we will grant you certain territorial protections. Specifically, during the term of your AR Agreement, we will not grant area representative rights to any other person for any portion of your Development Territory. However, we reserve the right to: (i) directly solicit, screen, recruit, develop, service and/or support franchises that are located within your Development Territory; and (ii) engage the services of a third-party franchise broker, franchise sales company, in-house commissioned salespeople and/or utilize any lead generation service that we desire in order to solicit, screen and/or recruit franchises that are located within your Development Territory. However, if you have successfully completed the initial AR Training Program and you are in compliance with your AR Agreement, we will turn all leads for your territory over to you. If we solicit the sale of a franchise within your Development Territory during the term of your AR Agreement (whether directly or indirectly through a third-party broker, franchise sales company, in-house commissioned salesperson or lead generation service), we will still pay you a commission equal to 50% of the net initial franchise fee that we collect from that sale. Similarly, if you are in compliance with your AR Agreement and we agree to service or support a franchisee within your Development Territory during the term of your AR Agreement, we will still pay you a commission equal to 37.5% of the royalty fees that we collect from the franchisee that we service or support. If you fail to be able to meet any training, service, or support obligation to the franchisee, as determined in our reasonable discretion, we are not required to pay you any of the royalty fees.



You will not receive an exclusive Development 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.

### **Alternative Channels of Distribution**

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through alternative channels of distribution, such as sales over the Internet or through catalogs or telemarketing. If we sell a franchise in your Development Territory through alternative channels of distribution, we will still pay you your standard commission on the sale as further described above.

### **Restrictions on Your Sales and Marketing Activities**

You are restricted to selling franchises in your development area only. You must use marketing and sales material, services, and resources from our required or approved suppliers. You must commit a minimum of \$2,000 per month to sales and marketing activities to solicit the sale of franchises.

### **Minimum Performance Requirements**

You are required to develop your Development Territory according to the development schedule in your AR Agreement. Specifically, you must ensure that the minimum number of Glosslab Stores are established within the time periods described in the development schedule (see ATTACHMENT “D” to AR Agreement). If you fail to comply with your minimum development obligations, we have the right to terminate your AR Agreement.

### **Additional Territories**

The AR Agreement gives you the right to purchase additional franchises for Glosslab Stores that you will own and operate in your Development Territory. We reserve the right to limit the maximum number of Glosslab Stores that you operate in your Development Territory at any given point in time in order to prevent excessive competition between you and the other franchisees in your Development Territory and/or to ensure that you have sufficient time and resources to properly support franchisees in your Development Territory.

### **Competitive Businesses Under Different Marks**




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

## **ITEM 13 TRADEMARKS**

You receive the right to operate your AR business under the name “GLOSSLAB®” which is the primary Mark used to identify our franchise System. You may also use any other current or future Mark to operate your franchised store that we designate in writing, including the logo on the front of this Disclosure Document and the trademarks listed below. By “Marks” we mean the trade names, trademarks, service marks and logos used to identify Glosslab Stores, AR businesses, and our products and services.

Our right to use and license others to use the Marks is exercised pursuant to a ninety-nine (99) year intellectual property license agreement with our affiliate, Glosslab IP, LLC (the “IP Agreement”), which began on May 11, 2023 and if not renewed, ends on May 11, 2122. The IP Agreement can be terminated upon thirty days’ notice for a material breach. Under the IP Agreement, we are granted the right to use and to permit others to use the Marks. We have the right to license the use of the registered trademark GLOSSLAB® to you for the term of the AR Agreement, including any extensions or renewals.

As of the date of this Disclosure Document, subject to any applications which may remain pending as of the issuance date of this Disclosure Document, we have a registration on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”) for the following principal Marks:

| MARK                                                                                | REGISTRATION NUMBER                     | REGISTRATION DATE          |
|-------------------------------------------------------------------------------------|-----------------------------------------|----------------------------|
| GLOSSLAB                                                                            | 6064452                                 | 05/26/2020                 |
|    | 6064469                                 | 05/26/2020                 |
| GLOSSLAB                                                                            | 6551622                                 | 11/09/2021                 |
| GLOSSLAB                                                                            | Pending:<br>U.S. Serial No.<br>90869015 | Filing Date:<br>08/06/2021 |
| GLOSSLAB®                                                                           | Pending:<br>U.S. Serial No.<br>90899735 | Filing Date:<br>08/24/2021 |
|  | Pending:<br>U.S. Serial No.<br>90899748 | Filing Date:<br>08/24/2021 |
|  | Pending:<br>U.S. Serial No.<br>90899742 | Filing Date:<br>08/24/2021 |

We do not have a federal registration for four of our principal trademarks. Therefore, those trademarks do not have many legal benefits and rights as a federally registered trademark. If our rights to use those trademarks are challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any state or any court; pending infringement, opposition or cancellation; or pending material litigation involving any our principal Marks.

To our knowledge, there are no infringing uses and there are no prior superior uses actually known to us that could materially affect the use of principal Marks in any state in which a Glosslab Store, or an AR business, may be located.

There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

All required affidavits and renewals have been filed.

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your AR business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the AR business. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized products or services or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the AR Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the AR Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a third-party claim against your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you may have to add or replace equipment, signs and fixtures, and you may have to make other modifications as we designate as necessary to adapt your franchise store for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not establish, create, or operate an Internet site or Web site using any domain name containing the words GLOSSLAB or any variation of GLOSSLAB without our prior written consent.

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

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

Our manuals, communications, guidelines and other materials contain our confidential and proprietary information and trade secrets (collectively the “Confidential Information”) that we will continue to further develop. This includes site selection criteria, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Glosslab Stores and AR businesses; market research and advertising, marketing and promotional programs, customer communication and retention programs, and any other information or data that we designate as confidential or proprietary.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the AR Agreement and the AR Manual. You may not use any Confidential Information in any other business or capacity. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

Those that receive access to trade secrets or other confidential information, including shareholders, officers, directors, partners, members may be required to sign nondisclosure and/or non-competition agreements in a form prepared by and acceptable to us.

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

Under your AR Agreement, you must designate an owner (the “Managing Owner”) who will be primarily responsible for the daily management and supervision of your area representative Business. In addition to the initial training for a Glosslab Store, your Managing Owner must also successfully complete our area representative initial training program (if offered by us). Your other owners are not required to directly participate in the operation of your Business. The Managing Owner must at all times own a controlling interest in the area representative entity (or the franchise if there is no entity). However, we may modify or waive this requirement for a given area representative.

The Managing Owner must dedicate his or her full-time efforts to the operation of your Business. Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business, which includes both the initial franchisee training and the initial AR Training Program. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement, which is attached to the AR Agreement as Attachment “E”. Each owner of the area representative entity (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign a Franchise Owner Agreement, the form of which is attached to the AR Agreement as Attachment “C”.

**ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

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

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

**ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

This table lists certain important provisions of the Area Representative Agreement (AR Agreement) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

| THE FRANCHISE RELATIONSHIP                 |                       |                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provision                                  | SECTIONS IN AGREEMENT | Summary                                                                                                                                                                                                                                                                                                                                                                                             |
| a. Length of the franchise term            | Section 7.1           | Term is equal to 10 years.                                                                                                                                                                                                                                                                                                                                                                          |
| b. Renewal or extension of the term        | Section 7.1           | If you meet our conditions for renewal, you can enter into 2 consecutive successor area representative agreements. Each renewal term will be 10 years, for a total maximum term of 30 years. We may grant you additional renewal terms, but we have no obligation to do so (subject to state law).                                                                                                  |
| c. Requirements for you to renew or extend | Section 7.1 & 7.2     | You must: not be in default; give us timely notice; negotiate new development schedule; sign our then-current form of area representative agreement and related documents (e.g., Franchise Owner Agreement, etc.); sign a general release; and pay the renewal fee. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. |
| d. Termination by you                      | Section 25.1          | You can terminate only if we fail to cure a material default within the cure period.                                                                                                                                                                                                                                                                                                                |
| e. Termination by us without               | Section 25.4          | We can terminate without cause if you and we mutually agree to                                                                                                                                                                                                                                                                                                                                      |

|                                                        |                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| cause                                                  |                                                                     | terminate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| f. Termination by us with cause                        | Section 25.2 & 25.3                                                 | We can terminate if you default.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| g. "Cause" defined - curable defaults                  | Section 25.2 & 25.3                                                 | You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults").                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| h. "Cause" defined - non-curable defaults              | Section 25.2                                                        | The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of our system or the Marks; material misrepresentations; abandonment of management functions by Managing Owner; unauthorized transfers; failure to meet minimum development obligations; violation of confidentiality, noncompetition or non-solicitation covenant; breach of Franchise Owner Agreement; unauthorized use of intellectual property; committing your 3rd default in any 12 month period; or termination of any other agreement between you and us or an affiliate due to your default. |
| i. Your obligations on termination/non-renewal         | Section 26                                                          | Obligations include: cease use of intellectual property; return manual and branded materials and training materials; assign telephone numbers, listings and domain names to us; cancel fictitious names; provide files and information on franchisees; and pay amounts due (also see "r", below).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| j. Assignment of contract by us                        | Section 24.1                                                        | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| k. "Transfer" by you – definition                      | Section 24.2 & <u>Attachment A</u> (definition of "Transfer")       | Includes transfer of contract or assets, or ownership change.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| l. Our approval of transfer by you                     | Section 24.2, 24.3 & <u>Attachment A</u> (definition of "Transfer") | If certain conditions are met, you may transfer to a newly formed entity wholly owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| m. Conditions for our approval of transfer             | Section 24.2                                                        | Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new area representative agreement for the remainder of the term (or at our option, take assignment of existing AR Agreement). You must: be in compliance with Franchise Agreement and AR Agreement; pay us the transfer fee; and sign a general release (subject to state law). You must assign all Franchise Agreements you signed to the same transferee (or at our option the transferee must sign our then-current form of Franchise Agreement for each transferred Glosslab business) unless we agree to contrary. We must notify you that we do not intend to exercise our right of first refusal.                                                               |
| n. Our right of first refusal to acquire your business | Section 24.5                                                        | We have the right to match any bona fide, arms-length offer for your business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| o. Our option to purchase your business                | Not Applicable                                                      | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| p. Your death or disability                            | Section 24.4                                                        | Within 180 days, franchise must be assigned by estate to an                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

|                                                                            |                         |                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                            |                         | assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.                                                                                                                                                                                                                                    |
| q. Non-competition covenants during the term of the franchise              | Section 19.2 & 19.3     | No involvement in competing business; comply with non-solicitation and non-disclosure covenants.                                                                                                                                                                                                                                                                   |
| r. Non-competition covenants after the franchise are terminated or expires | Section 19.2, 19.4 & 26 | No involvement for 2 years in competing business within development territory or any other active Glosslab territory; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.                                                                                                                                               |
| s. Modification of the agreement                                           | Section 29.3 & 29.8     | Requires writing signed by both parties (except for unilateral changes to AR Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.                                                                                                                                            |
| t. Integration/merger clause                                               | Section 29.8            | Only the terms of the AR Agreement and attachments to AR Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and AR Agreement may not be enforceable. Nothing in the AR Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. |
| u. Dispute resolution by arbitration or mediation                          | Section 27              | Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.<br><br>If a resolution cannot be reached through mediation, then the dispute shall be arbitrated in Miami-Dade County, Florida.                                                   |
| v. Choice of forum                                                         | Section 27              | Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business (currently, Miami-Dade, Florida) at time dispute arises.                                                                                                                                                                            |
| w. Choice of law                                                           | Section 29.1            | Subject to state law, Florida law governs.                                                                                                                                                                                                                                                                                                                         |

## ITEM 18. PUBLIC FIGURES

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

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial 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.

We do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned businesses or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are

purchasing an existing franchised store, however, we may provide you with the actual records of that franchised store. 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 Franchise Development, Glosslab Franchising, LLC, Attn: Franchise Development at 1821 Purdy Ave, Miami Beach, FL 33139, 1-833-GLOSSED, franchise@glosslab.com, the Federal Trade Commission and the appropriate state regulatory agencies.

*[Remainder of Page Intentionally Left Blank]*



**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

| <b>Table 1 - System-wide Outlet Summary for Years 2020 to 2022</b> |             |                                         |                                       |                   |
|--------------------------------------------------------------------|-------------|-----------------------------------------|---------------------------------------|-------------------|
| <b>Outlet Type</b>                                                 | <b>Year</b> | <b>Outlets at the Start of the Year</b> | <b>Outlets at the End of the Year</b> | <b>Net Change</b> |
| Franchised                                                         | 2020        | 0                                       | 0                                     | 0                 |
|                                                                    | 2021        | 0                                       | 0                                     | 0                 |
|                                                                    | 2022        | 0                                       | 0                                     | 0                 |
| Company-Owned                                                      | 2020        | 0                                       | 0                                     | 0                 |
|                                                                    | 2021        | 0                                       | 0                                     | 0                 |
|                                                                    | 2022        | 0                                       | 0                                     | 0                 |
| Total Outlets                                                      | 2020        | 0                                       | 0                                     | 0                 |
|                                                                    | 2021        | 0                                       | 0                                     | 0                 |
|                                                                    | 2022        | 0                                       | 0                                     | 0                 |

| <b>Table 2 - Transfers of Outlets from Franchisees to New Owners (Other than The Franchisor) for Years 2020 to 2022</b> |             |                            |
|-------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------|
| <b>State</b>                                                                                                            | <b>Year</b> | <b>Number of Transfers</b> |
| Total                                                                                                                   | 2020        | 0                          |
|                                                                                                                         | 2021        | 0                          |
|                                                                                                                         | 2022        | 0                          |

| <b>Table 3 - Status of Franchised Outlets For Years 2020 to 2022</b> |             |                                 |                       |                     |                     |                                 |                                          |                               |
|----------------------------------------------------------------------|-------------|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|------------------------------------------|-------------------------------|
| <b>State</b>                                                         | <b>Year</b> | <b>Outlets at Start of Year</b> | <b>Outlets Opened</b> | <b>Terminations</b> | <b>Non-Renewals</b> | <b>Reacquired by Franchisor</b> | <b>Ceased Operations - Other Reasons</b> | <b>Outlets at End of Year</b> |
| Total                                                                | 2020        | 0                               | 0                     | 0                   | 0                   | 0                               | 0                                        | 0                             |
|                                                                      | 2021        | 0                               | 0                     | 0                   | 0                   | 0                               | 0                                        | 0                             |
|                                                                      | 2022        | 0                               | 0                     | 0                   | 0                   | 0                               | 0                                        | 0                             |

| <b>Table 4 - Status of Company-Owned Outlets For Years 2020 to 2022</b> |             |                                 |                       |                                           |                       |                                   |                               |
|-------------------------------------------------------------------------|-------------|---------------------------------|-----------------------|-------------------------------------------|-----------------------|-----------------------------------|-------------------------------|
| <b>State</b>                                                            | <b>Year</b> | <b>Outlets at Start of Year</b> | <b>Outlets Opened</b> | <b>Outlets Reacquired From Franchisee</b> | <b>Outlets Closed</b> | <b>Outlets Sold to Franchisee</b> | <b>Outlets at End of Year</b> |
| Total                                                                   | 2020        | 0                               | 0                     | 0                                         | 0                     | 0                                 | 0                             |
|                                                                         | 2021        | 0                               | 0                     | 0                                         | 0                     | 0                                 | 0                             |
|                                                                         | 2022        | 0                               | 1                     | 0                                         | 0                     | 0                                 | 1                             |

**Table 5 - Projected Openings as of December 31, 2022**

| State          | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|---------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| Florida        | 0                                                 | 1                                                        | 0                                                           |
| North Carolina | 0                                                 | 1                                                        | 0                                                           |
| Texas          | 0                                                 | 1                                                        | 0                                                           |
| Total          | 0                                                 | 3                                                        | 0                                                           |

Notes to Tables:

1. Our fiscal year ends on December 31<sup>st</sup>. All references to years in these tables refer to December 31 of that year. The outlets listed in Table 1 through Table 4 only refer to outlets that are open on the relevant date.
2. The transfers listed in Table 2 only refer to outlets that were transferred after opening. No area representatives transferred their area representative agreements for unopened outlets in 2020, 2021 or 2022.
3. The transactions listed in Table 3 only refer to area representatives that left the system after opening their outlet. No area representatives left the system prior to opening their outlets in 2020, 2021 or 2022.
4. The outlets listed in the 2nd column in Table 5 (“Franchise Agreements Signed But Outlet Not Opened”) include all area representative agreements that were signed for unopened outlets as of December 31, 2022. The outlets listed in the 3rd column in Table 5 (“Projected New Franchised Outlets in the Next Fiscal Year”) include all outlets that we expect to open during the current fiscal year, including any outlets listed in the 2nd column that we expect to open this fiscal year.

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

During the last 3 fiscal years, no current or former area representatives have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system. There are no (i) trademark-specific area representative organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent area representative organizations that have asked to be included in this Disclosure Document.

**ITEM 21. FINANCIAL STATEMENTS**

Our fiscal year end is December 31. Exhibit F contains our audited opening balance sheet dated May 23, 2023. We have not been in business for three years or more, and therefore cannot include all financial statements required by the Federal Rule of the Federal Trade Commission.

**ITEM 22.       CONTRACTS**

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

Exhibits to Disclosure Document

- EXHIBIT "C"       Area Representative Agreement
- EXHIBIT "D"       Table of Contents of AR Manual
- EXHIBIT "G"       Franchisee Disclosure Questionnaire
- EXHIBIT "H"       State Addenda
- EXHIBIT "I"       General Release
- EXHIBIT "J"       State Effective Dates

Attachments to Area Representative Agreement

- ATTACHMENT "A"       Definitions ATTACHMENT "B"       Development Territory
- ATTACHMENT "C"       Franchise Owner Agreement
- ATTACHMENT "D"       Development Schedule
- ATTACHMENT "E"       Confidentiality Agreement

**ITEM 23.       RECEIPTS**

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

## EXHIBIT "A"

### TO DISCLOSURE DOCUMENT

#### State Agencies and Administrators

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| <p><b><u>CALIFORNIA</u></b><br/>Commissioner of Financial Protection &amp; Innovation<br/>Department of Financial Protection &amp; Innovation<br/>320 West 4<sup>th</sup> Street, #750<br/>Los Angeles, CA 90013<br/>(213) 576-7500<br/>1-866-275-2677</p> <p><b><u>HAWAII</u></b><br/>Commissioner of Securities of the State of Hawaii<br/>335 Merchant Street, Room 203<br/>Honolulu, Hawaii 96813<br/>(808) 586-2722<br/><u>Agents for Service of Process:</u><br/>Commissioner of Securities of the State of Hawaii<br/>Department of Commerce and Consumer Affairs<br/>Business Registration Division<br/>335 Merchant Street, Room 203<br/>Honolulu, Hawaii 96813<br/>(808) 586-2722</p> <p><b><u>ILLINOIS</u></b><br/>Illinois Attorney General<br/>Chief, Franchise Division<br/>500 South Second Street<br/>Springfield, IL 62706<br/>(217) 782-4465</p> <p><b><u>INDIANA</u></b><br/>Secretary of State<br/>Securities Division<br/>Room E-018</p> | <p>Baltimore, Maryland 21202<br/>(410) 576-6360<br/><u>Agent for Service of Process:</u><br/>Maryland Securities Commissioner<br/>200 St. Paul Place<br/>Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b><br/>Franchise Section<br/>Consumer Protection Division<br/>525 W. Ottawa Street, G. Mennen<br/>Williams Building, 1<sup>st</sup> Floor<br/>Lansing, MI 48913<br/>(517) 335-7567</p> <p><b><u>MINNESOTA</u></b><br/>Commissioner of Commerce<br/>Director of Registration<br/>85 Seventh Place East, #280<br/>St. Paul, Minnesota 55101-3165<br/>(651) 539-1500</p> <p><b><u>NEW YORK</u></b><br/>NYS Department of Law<br/>Investor Protection Bureau<br/>28 Liberty St. 21<sup>st</sup> floor<br/>New York, NY 10005<br/>(212) 416-8285<br/><u>Agents for Service of Process:</u><br/>New York Department of State<br/>One Commerce Plaza<br/>99 Washington Avenue, 6th Floor<br/>Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b><br/>North Dakota Securities<br/>Department<br/>State Capitol, 5<sup>th</sup> Floor, Dept 414<br/>600 East Boulevard Avenue<br/>Bismarck, North Dakota 58505<br/>(701) 328-4712</p> <p><b><u>RHODE ISLAND</u></b></p> | <p><b><u>SOUTH DAKOTA</u></b><br/>Department of Labor and Regulation<br/>Division of Insurance Securities Regulation<br/>124 S Euclid, 2<sup>nd</sup> Floor<br/>Pierre, South Dakota 57501<br/>(605) 773-3563</p> <p><b><u>VIRGINIA</u></b><br/>State Corporation Commission<br/>Division of Securities and Retail Franchising<br/>1300 East Main Street, 9<sup>th</sup> Floor<br/>Richmond, Virginia 23219<br/>(804) 371-9051<br/><u>Agents for Service of Process:</u><br/>Clerk of the State Corporation Commission<br/>1300 East Main Street, 1<sup>st</sup> Floor<br/>Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b><br/>Department of Financial Institutions<br/>Securities Division<br/>150 Israel Road SW<br/>Tumwater, WA 98501<br/>(360) 902-8760<br/><u>Mailing Address:</u><br/>Department of Financial Institutions<br/>Securities Division<br/>P.O. Box 9033<br/>Olympia, WA 98507</p> <p><b><u>WISCONSIN</u></b></p> |
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| <p>302 West Washington Street<br/> Indianapolis, IN 46204<br/> (317) 232-6681<br/> <u><b>MARYLAND</b></u><br/> Office of the Attorney General<br/> Securities Division<br/> 200 St. Paul Place</p> | <p>Department of Franchise<br/> Regulation<br/> 1511 Pontiac Avenue, John O.<br/> Pastore Complex, Bldg. 69-1<br/> Cranston, Rhode Island 02920<br/> (401) 462-9527</p> | <p>Department of Financial<br/> Institutions<br/> Division of Securities<br/> 201 W Washington Avenue,<br/> Suite 500, Madison, WI 53703<br/> (608) 261-9555</p> |
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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

**Franchisor's Agent for Service of Process**

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

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| <p><u>CALIFORNIA</u><br/>Commissioner of Financial Protection &amp; Innovation<br/>Department of Financial Protection &amp; Innovation<br/>320 West 4th Street, #750<br/>Los Angeles, CA 90013<br/>(213) 576-7500<br/>1-866-275-2677</p> | <p><u>MARYLAND</u><br/>Maryland Securities Commissioner<br/>200 St. Paul Place<br/>Baltimore, Maryland 21202-2020<br/>(410) 576-6360</p>                               |
| <p><u>HAWAII</u><br/>Commissioner of Securities Department of<br/>Commerce and Consumer Affairs<br/>335 Merchant Street, Room 203<br/>Honolulu, Hawaii 96813<br/>(808) 586-2722</p>                                                      | <p><u>MICHIGAN</u><br/>Consumer Protection Division<br/>Franchise Section<br/>670 Law Building<br/>Lansing, Michigan 48913<br/>(517) 373-7117</p>                      |
| <p><u>ILLINOIS</u><br/>S<br/>Illinois Attorney<br/>General Franchise<br/>Springfield, Illinois<br/>(217) 782-<br/>4465</p>                                                                                                               | <p><u>MINNESOTA</u><br/>Commissioner of Commerce<br/>Department of Commerce<br/>85 7th Place East, Suite 280<br/>St. Paul, Minnesota 55101<br/>(651) 539-<br/>1500</p> |
| <p><u>INDIANA</u><br/>Indiana Secretary of State Franchise Section<br/>302 West Washington, Room E-111 Indianapolis,<br/>Indiana 46204<br/>(317) 232-6681</p>                                                                            | <p><u>NEW YORK</u><br/>New York Secretary of State<br/>162 Washington Street<br/>Albany, New York 11231<br/>(212) 417-5800</p>                                         |

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| <p><u>NORTH DAKOTA</u><br/> Securities Commissioner<br/> 600 East Boulevard<br/> Avenue State Capitol<br/> Bismarck, North Dakota<br/> 58505 (701) 224-4712</p>                                                  | <p><u>VIRGINIA</u><br/> Clerk of State Corporation Commission<br/> 1300 East Main Street<br/> Richmond, Virginia 23219<br/> (804) 371-9051</p>                        |
| <p><u>RHODE ISLAND</u><br/> Director of<br/> Department of<br/> Business Regulation<br/> John O. Pastore Complex, Bldg. 69-<br/> 1 1511 Pontiac Avenue<br/> Cranston, Rhode Island 02920<br/> (401) 277-3048</p> | <p><u>WASHINGTON</u><br/> Department of Financial Institutions<br/> Securities Division<br/> 150 Israel Rd SW<br/> Tumwater, Washington 98501<br/> (360) 902-8760</p> |
| <p><u>SOUTH DAKOTA</u><br/> Director of Division of<br/> Securities 445 East Capitol<br/> Avenue<br/> Pierre, South Dakota 57501-2017<br/> (605) 773-4013</p>                                                    | <p><u>WISCONSIN</u><br/> Commissioner of Securities<br/> Fourth Floor<br/> 101 East Wilson Street<br/> Madison, Wisconsin 53702<br/> (608) 266-8559</p>               |
| <p><u>TEXAS</u><br/> Edward Le<br/> 2470 Gray Falls, Suite 285<br/> Houston, Texas 77077<br/> 281.661.1999</p>                                                                                                   |                                                                                                                                                                       |

**EXHIBIT "C"**  
**TO DISCLOSURE DOCUMENT**  
**Area Representative Agreement**

*[See Attached]*



**GLOSSLAB**  
**AREA REPRESENTATIVE AGREEMENT**

Area Representative: \_\_\_\_\_  
Date: \_\_\_\_\_  
Territory: \_\_\_\_\_

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### ATTACHMENTS

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| ATTACHMENT “D” | DEVELOPMENT SCHEDULE      |
| ATTACHMENT “E” | CONFIDENTIALITY AGREEMENT |

## AREA REPRESENTATIVE AGREEMENT

This Glosslab Area Representative Agreement (this “Agreement”) is entered into and effective this day of Month \_\_, 202\_ (the “**Effective Date**”), by and between Glosslab Franchising, LLC, a Delaware limited liability company, having its principal place of business at 1821 Purdy Ave., Miami Beach, FL 33139 (“**we**”, “**us**”, or “**Franchisor**”), and [ENTITY NAME], [STATE OF ORGANIZATION] [ENTITY TYPE], having its place of business at [ADDRESS] (“**you**” or “**Franchisee**”). You and we are collectively referred to as the “**Parties**.”

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

### **2**           **PREAMBLES**

(a)           We grant franchises for the operation of a nail salon Store that operates under the name Glosslab and specializes in providing high-end manicures, pedicures, and other nail care related services in a retail setting.

(b)           All Glosslab Stores operate using a system that was developed by us and our affiliates (the “Operating System”) as well as our Copyrights, Marks and Know-How. The distinctive characteristics of our Operating System include logo, proprietary techniques and products, confidential brand standards manual and operating system.

(c)           We desire to increase the number of franchised Glosslab Stores and establish an administrator of the Glosslab franchise system (the “Franchise System”) within the geographic area described on Attachment “B” (the “Development Territory”).

(d)           You wish to represent us as an independent contractor to solicit, screen, recruit, develop, service and support Glosslab Store franchises in the Development Territory and we are willing to allow you to do so upon the terms and conditions set forth in this Agreement.

**3**           **GRANT OF AREA REPRESENTATIVE RIGHTS.** Subject to the provisions of this Agreement, and solely during the Term, we hereby grant you: (i) Area Representative Rights authorizing you to solicit, screen, recruit, develop, service and support Glosslab Store franchises solely within the Development Territory; (ii) a license to use the Intellectual Property solely in connection with the activities contemplated by this Agreement; and (iii) the right and obligation to directly own and operate at least three (3) Glosslab Stores pursuant to separate Franchise Agreements between you and us. You understand that you do not have the right to: (i) sell franchises; (ii) sign Franchise Agreements or other binding agreements with franchisees; or (iii) agree to negotiated modifications to our standard form of franchise agreement. You may begin soliciting, recruiting, training and supporting franchisees after you have successfully completed our initial training program and obtained all required insurance.

### **4**           **TERRITORIAL PROTECTIONS & LIMITATIONS**

4.1           Protected Rights. For the duration of the Term, we will not grant Area Representative Rights to any other person for the Development Territory. You understand that nothing in this Agreement provides you with any protections relating to the sale of nail salon or other related services or products within the Development Territory, and any such protections (if any) would only be granted pursuant to the terms of a Franchise Agreement. You further understand that your protected territorial rights are subject to the limitations described in Section 4.2 below. We reserve

all rights not expressly granted to you.

4.2 Limitations on Protected Territorial Rights. We reserve the right to: (i) directly solicit, screen, recruit, develop, service and/or support Glosslab franchises that are located within your Development Territory provided that we pay you the full commissions described in Section 6 with respect to such franchises; (ii) engage the services of third party franchise brokers or franchise sales companies and/or utilize any lead generation services that we desire in order to solicit, screen and/or recruit Glosslab franchises that are located within your Development Territory provided that we pay you the full commissions described in Section 6 with respect to such franchises. You understand that only we may sign Franchise Agreements with Glosslab franchisees that you solicit or that we solicit as described above.

**5 DEVELOPMENT FEE AND ANNUAL SUPPORT FEE.** Upon execution of this Agreement, you shall pay us a non-refundable one-time development fee of \$\_\_\_\_\_. The development fee must be paid by cashier's check, wire transfer or other immediately available funds. The development fee is in addition to any other amounts you are required to pay under this Agreement or any Franchise Agreement. You are responsible for all costs and expenses that you and your employees incur in connection with the performance of your obligations under this Agreement.

## **6 COMMISSIONS**

6.1 Commission on Franchise Sales. For each franchise that we sell during the Term that is located in the Development Territory (including Stores operated by you and your affiliates), we will pay you a commission equal to 50% of the "net" initial franchise fee that we collect. The "net" initial franchise fee is the total amount of the initial franchise fee that we collect less any amounts we must pay to third party brokers we hire, online lead generation service companies we hire or other referral sources relating to the sale. If you choose to engage the services of third-party brokers, online lead generation service companies or other referral sources, you are solely responsible for all fees owed to such brokers, companies and referral sources. You understand that we have complete discretion to determine the amount of the initial franchise fee that we charge and that we may: (i) negotiate reduced initial franchise fees for particular transactions or classes of franchisees; (ii) increase or decrease the amount of the standard initial franchise fee from time to time; and/or (iii) offer financing or installment payment plans with respect to the initial franchise fee. If payment of the initial franchise fee for a franchise sold during the Term extends beyond the expiration of this Agreement, we will continue to pay you your commission in the time and manner specified in this Agreement with respect to such initial franchise fee provided that we did not terminate this Agreement prior to its expiration date due to your default. You are not entitled to any commission with respect to any initial franchise fee that we are unable to collect.

6.2 Commission on Royalty Fees. For each Glosslab franchise operated in the Development Territory (including Stores operated by you and your affiliates), we will pay you a commission equal to 37.5% of the royalty fees that we collect from such franchisee during the Term (currently 2.25% of the Gross Revenues generated by the franchisees). You understand that we have complete discretion to determine the amount of the royalty fee that we charge and that we may: (i) negotiate reduced royalty fees for particular transactions or classes of franchisees; and/or (ii) increase or decrease the amount of the standard royalty fees from time to time. You are not entitled to any commission with respect to any royalty fee that we are unable to collect or if we determine, in our reasonable discretion, that you have not provided the required support services to the franchised Stores in your Territory.

6.3 Timing for Payment. Except as described above, you are not entitled to commissions on any other fees or payments made by franchisees in your Development Territory. We will pay you your commission on or before the 30<sup>th</sup> day of each month for initial franchise fees and royalty fees collected during the prior month. You understand that our obligation to pay you a commission only arises after our actual receipt of the fee in good funds. If payment of

all or any portion of the fee is deferred for any reason (including, without limitation, our negotiation of a payment plan, offer of financing, or state imposed impound condition), our obligation to pay you your commission will be deferred accordingly.

## 7 TERM AND RENEWAL

7.1 Term. The term of this Agreement will begin on the Effective Date and expire 10 years thereafter (the “Term”). Upon the expiration of the Term, you may enter into a maximum of two (2) successor area representative agreements (each, a “Successor Agreement”) as long as you meet the conditions for renewal specified below. Each Successor Agreement shall be the current form of area representative agreement that we use in granting Area Representative Rights as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement, except that: (i) the geographic area that comprises the Development Territory shall not be reduced unless a reduction is mutually agreed upon by the Parties; and (ii) you shall not be required to pay an additional Development Fee. Each renewal term will be 10 years, for a maximum total term of 30 years. You will have no further right to operate your Business following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original area representative agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

7.2 Renewal Requirements. In order to enter into a Successor Agreement, you and your Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) negotiate a new Development Schedule that is mutually agreeable to the Parties; provided, however, that if we determine in our commercially reasonable judgment that the Development Territory cannot support any additional Glosslab Stores, then you may not solicit or recruit any additional franchises except to the extent that the Franchise Agreements for existing franchises are terminated or expire without the execution of a successor franchise agreement; (iv) sign the Successor Agreement and all ancillary documents that we require area representatives to sign; (v) sign a General Release; (vi) pay us a renewal fee equal to 25% of the development fee imposed under Section 5; and (vii) take any additional action that we reasonably require.

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

## 8 MANAGEMENT AND STAFFING

8.1 Owner Participation. You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. At a minimum, the Managing Owner must: (i) successfully complete the initial training program for Glosslab franchisees and area representatives and all mandatory refresher or advanced training programs; (ii) ensure that the Business is operated in accordance with the standards and requirement imposed by this Agreement and the AR Manual; and (iii) submit an initial and annual business plan for your Business. The Managing Owner must participate personally and substantially in the management of the Business and dedicate his or her full-time efforts to the Business. You may not

permit the transfer of all or any portion of the Managing Owner's responsibilities to a substitute Managing Owner at any time during the Term without our prior written consent, which we will not unreasonably withhold. Any substitute Managing Owner that we approve after opening must successfully complete the initial training program. The Managing Owner (or a substitute Managing Owner) must own and control not less than a controlling ownership interest and voting rights in the area representative Entity.

8.2 Employees. You must hire, train, and supervise honest, reliable, competent and courteous employees for the operation of your Business. You must employ (or retain on an independent contractor basis) franchise salespersons, field consultants and other staff necessary to perform all activities contemplated by this Agreement. You must ensure that all of your staff maintains any required licenses, certifications or other credentials that are necessary to offer or sell franchises. You must pay all wages, commissions, benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. You must ensure that a sufficient number of trained employees are available to meet the operational standards of your Business and provide adequate levels of support to franchisees at all times. You must ensure that your employees perform their duties in compliance with the terms of the AR Manual and any other materials applicable to employees that we communicate to you. You may give your employees only the minimum amount of information from the AR Manual that is necessary to enable them to perform their assigned tasks. You must ensure that your employees do not make or retain copies of the AR Manual or any portion of the AR Manual. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. We also do not control the hiring or firing of your employees.

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

**9 FRANCHISEE AS ENTITY.** The Owners must form an Entity to be the "area representative" under this Agreement. If the Entity did not initially sign this Agreement, the Owners must assign this Agreement to the Entity before you begin operating your Business. You agree to provide us with a list of all of the Entity's Owners. All Owners of the Entity (whether direct or indirect) are jointly and severally responsible for the Entity's performance of this Agreement. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation. The Entity's organizational documents must incorporate the transfer restrictions set forth in this Agreement as they pertain to a transfer of an interest in the Entity.

**10 FRANCHISE OWNER AGREEMENT.** All Owners (whether direct or indirect) of the Entity that is the "area representative" under this Agreement and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as Attachment "C".

## **11 TRAINING AND CONFERENCES**

11.1 Area Representative Training. You must attend and complete our standard initial training program provided to franchisees purchasing a Glosslab Store franchise. In addition to this training, we may provide additional

training for your area representative business that includes two components: franchise sales training and franchise service and support training. This training program introduces you to certain issues pertaining to the offer and sale of franchises. We will also provide you with franchise service and support training, which is designed to teach you how to evaluate, inspect and support franchisees. The initial training program will be conducted at any Glosslab Store we designate, through video conference, or at any other location that we designate. Any individual who fails to complete the initial training program to our satisfaction must retake training until he or she completes the training to our satisfaction. The Managing Owner must successfully complete initial training within 30 days after the Effective Date and prior to soliciting, recruiting, servicing or supporting franchisees.

11.2 Ongoing Training. From time to time, we may offer refresher or additional training courses for your Managing Owner and other employees relating to the operation of your Business. Attendance at these training programs is mandatory. If you require additional operations or sales support training beyond the initial training, we may provide this to you or your employees, for which you will be required to pay us \$350 per day per person (you or employee), plus any travel or lodging expenses incurred. We may conduct this training at an affiliate-owned Glosslab Store, virtually, or any other location we designate.

11.3 Initial On-Site Training. We may, but need not, provide up to five (5) days of on-site training in your Development Territory with respect to the performance of your duties under this Agreement, including assisting you with your first “discovery day” and assisting you with providing the pre-opening support to the first franchisee that you recruit. If you request additional on-site training or you request that we provide pre-opening or post-opening support to any franchisees in your Development Territory, we may, if we choose to provide such training, require that you pay us an on-site assistance fee of up to \$1,000 per day plus reimbursement of all reasonable travel and living expenses (including food, lodging and travel) incurred by our representatives in providing such on-site training or support. Any such fees and reimbursement will be due 10 days after invoicing. Our determination of whether to provide the on-site training will be based upon our subjective assessment of your prior experience and qualifications.

11.4 Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting area representatives. We may hold these conferences separately or in conjunction with conferences for Glosslab franchisees. Attendance at these conferences is mandatory. We will not require attendance at more than one (1) conference during any calendar year, which conference will be in addition to any conferences required under any Franchise Agreements you sign with us. You will be responsible for any expenses incurred during this conference for you or your employees, up to \$1,000 per person per day, plus travel and lodging.

11.5 Fees and Expenses. Except as otherwise provided in Section 11, we will not charge you any fees to attend any of our training programs or conferences. You are responsible for all food, lodging and travel costs that your Managing Owner and other Owners and employees incur while attending a training program or conference.

## **12 OTHER FRANCHISOR ASSISTANCE**

12.1 Manuals. We will grant you electronic access to our AR Manual, which will assist and guide you in the proper development and operation of your Business. The AR Manual is further described in Section 17.1. We may grant you electronic access to our Franchisee Operations Manual or we may provide in hard copy format. You must ensure that all franchisees develop and operate their Glosslab Stores in accordance with the Franchisee Operations Manual.

12.2 Marketing Materials. Before you begin soliciting and recruiting prospective franchisees, we will provide you with access to certain franchise marketing materials that you may download from our intranet site. Throughout the Term, we will provide you with access to any new or updated marketing materials that we develop. We may make these materials available for download over the Internet or through email or we may enter into an

arrangement with third party suppliers to produce the materials for your purchase. Alternatively, we may require that you purchase these materials directly from us at our cost to produce them. You must also reimburse us for any shipping and handling charges that we incur to deliver the materials to you.

12.3 Glosslab Website. We or an affiliate of ours will maintain the Glosslab website to fulfill a variety of functions, including, without limitation, the promotion of Glosslab Stores and the solicitation of the purchase of franchises. If the website generates leads for prospective franchise purchasers in your Development Territory after the date that we permit you to begin soliciting and recruiting prospective franchisees, we will refer the leads to you.

12.4 General Support. Throughout the Term, we will provide you with reasonable levels of ongoing consultation, guidance, assistance and support to enable you to market, develop and support Glosslab franchises and carry out the purposes of this Agreement. On a periodic basis, we may inspect your operations and analyze reports that you submit to us and provide guidance and recommendations on ways to improve the marketing and/or operation of your Business based upon our evaluation of such inspections and reports.

12.5 Glosslab Franchise Management Software. We use a franchise management software (currently, FranConnect) to manage the solicitation, sale, pre-opening processes, and ongoing operations of franchisees. Should you be given access to our franchise management software to input leads, update prospect profiles and applications, manage lead status, and support franchisees with pre-opening and ongoing operations and resources accessed through FranConnect, we may impose a \$250 franchise management software fee paid to us monthly.

## 13 FRANCHISE SALES AND DEVELOPMENT

13.1 Development Obligations. You agree to solicit, screen, recruit, develop, service and support in the Development Territory not less than the cumulative number of Glosslab Stores set forth on Attachment “D” (the “Development Schedule”) in the manner and within each of the time periods specified therein (the “Minimum Development Obligations”). For each calendar year, you are responsible for maintaining and supporting not less than the cumulative number of open and operating Glosslab Stores specified in the Development Schedule.

13.2 Franchise Solicitations and Representations. You may not make any representation to any prospective franchisee about us, you, the franchise, or otherwise, that is: (i) misleading, incomplete, fraudulent or untrue; or (ii) contradicted by the written material provided to such prospect, including Multi/Single Unit Franchise Disclosure Document. You must ensure that all franchise marketing efforts conducted by you or under your direction are conducted in a courteous, dignified, ethical and responsible manner. You agree that no sales information, earning claims or estimates or financial performance representation will be given to prospective franchisees by you or any person under your control or supervision unless such information is contained in our Multi/Single Unit Franchise Disclosure Document. Moreover, you agree that you will not provide any financial performance information to prospective franchisees regarding the operation of any Glosslab Store operated by you or your affiliates. With our prior written approval, you may hire the services of third-party brokers or lead generation companies to assist you in soliciting prospective franchisees. However, you are solely responsible for all brokerage fees and other fees you must pay these companies. You must ensure that any representatives of these companies that speak with prospective franchisees: (i) are listed on the Receipt pages; (ii) complete and file with the appropriate state agency any required Sales Agent Disclosure Form or Franchise Seller Disclosure Form; and (iii) obtain all required licenses and broker registrations that are necessary to perform services on your behalf.

13.3 Screening Franchisees. You must screen all prospective franchisees to ensure that they meet our minimum qualifications and requirements (the “Minimum Qualifications”). We may revise the Minimum Qualifications from time to time in our sole discretion. You are required to screen and investigate all prospective franchisees to determine whether they meet the Minimum Qualifications. As part of your investigative responsibilities,



you are required to review credit reports, check references and conduct background investigations, including a review of employment and criminal records and a review of any licensing or credentialing required under applicable law in order to own or operate a Glosslab franchise. We may provide you with a background investigation platform, although use of the platform will be at your own cost. Before providing a copy of our Multi/Single Unit Franchise Disclosure Document to a prospect, you must first obtain a completed initial application from the prospect to ensure they meet any initial qualifications that we require to be met as a condition of receiving a Multi/Single Unit Franchise Disclosure Document.

13.4 Franchise Disclosure Process. You understand that it is your responsibility to be aware of and comply with all applicable laws and regulations governing the offer and sale of franchises in your Development Territory to the extent your activities are subject to these laws and regulations. Unless an exemption applies and you obtain our prior written consent, you must provide a copy of our then-current Multi/Single Unit Franchise Disclosure Document to each prospective franchisee in the time and manner required by applicable law. We will provide you with our most current form of the Multi/Single Unit Franchise Disclosure Document for use in your Development Territory (and all modifications and updates thereto). You understand that you may be prohibited from engaging in franchise sales activity during any period of time during which we do not have an effective franchise registration or business opportunity exemption for one or more states within your Development Territory. We will use commercially reasonable efforts to avoid any lapse in any required state franchise registration or business opportunity exemption, although we will have no liability to you for any interruption in your Business caused by any lapse in such registration or exemption. If you are unable to offer franchises due to our failure to maintain a required registration or exemption, we will offer you a reasonable modification to your Development Schedule to account for delays in your ability to solicit franchises. You agree to comply with any new franchise law that applies to you during the Term, including, without limitation, any obligation for you to prepare your own Multi/Single Unit Franchise Disclosure Document and/or register the franchise offering. Notwithstanding the above, we reserve the right, in our discretion, to exclusively control the franchise disclosure process and distribute our Multi/Single Unit Franchise Disclosure Document to prospective franchisees.

13.5 Franchise Seller/Broker Obligations. You agree to provide us with all information that we request from time to time for purposes of preparing our Multi/Single Unit Franchise Disclosure Document and filing any required Franchise Seller Disclosure Form, Sales Agent Disclosure Form, Franchise Broker Registration or other comparable report or filing required under applicable franchise laws. You agree that it is your responsibility to obtain any required franchise broker registration or license at your cost. You further agree that you will promptly notify us in writing of any material change to the information previously submitted to us and/or filed with the state pertaining to you, such as new litigation, employment or bankruptcies.

13.6 Franchise Sales. If you believe that a prospective franchisee meets our Minimum Qualifications, you must notify us of this fact. You agree to provide us with all information that we reasonably request pertaining to the applicant. We may, in our commercially reasonable judgment, refuse to sell a Glosslab franchise to a prospective franchisee that meets our Minimum Qualifications, in which case we will send you a written notice setting forth the reasons for our decision. At all times, we will have the right, but not the obligation, to meet with prospective franchisees, and you agree to cooperate with us and help facilitate any such meeting.

13.7 Company Owned Franchises. You must sign a separate Franchise Agreement with us for each Glosslab Store that you directly own and operate, for which you will pay us the then-current initial franchise fee for each Glosslab Store. You must sign one (1) Franchise Agreement for your first Glosslab Store concurrently with the execution of this Agreement and pay us the current initial franchise fee for your first Glosslab Store. We may, in our commercially reasonable judgment, permit you to establish separate affiliated companies for purposes of operating Glosslab Stores, provided that each such company sign a cross guaranty and sign any other documentation that we reasonably require. If we allow you to operate a Glosslab Store through an affiliate, all references in this Agreement to “you” (with respect to the operation of the Glosslab Store) shall be modified to refer to the affiliate. Any Glosslab Store

that you own and operate shall count towards satisfaction of your Minimum Development Obligations. You understand that we will not be required to provide you with any of the support or services that you are required to provide to third party franchisees under this Agreement, except in connection with your first Glosslab Store. Upon the expiration of this Agreement, you may continue to operate your Glosslab Stores pursuant to the Franchise Agreements provided that you are not otherwise default under the terms of the Franchise Agreements. As an area representative, you are required to operate at least one (1) Glosslab Store for the duration of the Term and must develop and operate an additional two (2) Glosslab Stores in accordance with separate Franchise Agreements (and pay the then-current initial franchise fee for each Glosslab Store upon signing each Franchise Agreement), unless we agree in our sole discretion to allow you not to own and operate fewer Glosslab Stores.

**14 TRAINING FRANCHISEES.** You will provide the initial franchise training program for each franchisee. You agree to provide any additional training that we require from time to time, including, initial on-the-job and on-site training, refresher training and advanced training. You agree to use your Glosslab Store, or a Glosslab Store owned by a franchisee in your Development Territory, as a training facility for franchisees in your Development Territory. You agree to offer any initial training programs that we require on a basis sufficient to meet your Minimum Development Obligations and comply with the opening timelines set forth in the Franchise Agreements. We may require that the franchisees attend training or conferences that we conduct, and you agree to help coordinate and facilitate any such training or conference. In our sole discretion, and at no additional charge (except for any on-site assistance that we provide), we will provide you with ongoing guidance and assistance relating to your training obligations.

## **15 SUPPORTING, SERVICING AND MONITORING FRANCHISEES**

15.1 Generally. You understand that we are obligated to provide certain support functions under the terms of the Franchise Agreements and that we have entered into this Agreement with you, in part, to enable us to delegate certain support functions to you. Accordingly, you agree to provide all support functions that we reasonably request, regardless of whether we are obligated to provide such support under the Franchise Agreements. You agree to provide prompt, courteous and reliable service to the franchisees and to generally promote the Glosslab brand within the Development Territory.

15.2 Ongoing Support. You shall provide franchisees with all assistance and services that we reasonably request from in connection with: (i) site selection and lease negotiation; (ii) constructing, developing and equipping Glosslab Stores; (iii) conducting grand openings and sales and marketing support; (iv) operational and quality control issues; (v) the sourcing of equipment, fixtures, furnishings, inventory and supplies; (vi) the conveyance and monitoring of Glosslab brand standards and best practices, as outlined in the Franchisee Operations Manual, as updated from time to time and (vii) the closure, relocation, renewal and transfer of Glosslab Stores. The specific service and support functions, and the proper methods of performing such functions, may be specified in the AR Manual.

15.3 Inspections and Enforcement. You agree to conduct a thorough and complete evaluation of each Glosslab Store within the Development Territory on at least a semi-annual basis in accordance with the standards and procedures that we prescribe from time to time; provided, however, that you agree to conduct evaluations on a more frequent basis (as often as may reasonably be necessary or prudent) with respect to any Glosslab Store that is underperforming or in default. In connection with such evaluations, you will prepare and submit to us reports containing all information that we reasonably require within the period of time that we specify ("Evaluation Reports"). We may prescribe the form of Evaluation Report that you will use, including grading for each evaluation and information for the development of a plan to improve operations based on the results of the evaluation. You must ensure that all Glosslab Stores operating in your Development Territory achieve satisfactory grades on their Evaluation Reports. You agree to assist us with our enforcement of the provisions of the Franchise Agreements against franchisees that fail to comply with their obligations under such agreements.

15.4 Material Communications. You agree to send us copies of all correspondence and other communications between you and the franchisees relating to (i) any breach or alleged breach of the terms or conditions of a Franchise Agreement, (ii) the potential termination or expiration of a Franchise Agreement and (iii) any other communication that is material to the franchise relationship (collectively, “Material Communications”). You agree to prepare a written memorandum of all verbal Material Communications (which may be in the form of an e-mail). You agree to send us all Material Communications, or written memoranda thereof, within five (5) days after such Material Communication is made to or from the franchisee.

## 16 **MARKETING**

16.1 Generally. You agree to participate in all promotional and marketing activities that we require from time to time at your cost. Without limiting the generality of the foregoing, you may be required to establish, maintain and administer a regional advertising program or facilitate the establishment of regional advertising cooperatives for the benefit of all franchisees within a particular region. All advertisements and promotions that you create, or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. On an annual basis, you must develop and submit to us upon request a marketing plan for the development of your Development Territory for the ensuing 12-month period, including a reasonable budget for anticipated expenditures to be incurred in the execution of such marketing plan. You are required to spend a minimum of \$2,000 per month to market the franchise opportunity. All marketing and advertising material must be purchased and designed through our approved or required suppliers or through us, unless otherwise approved by us in writing.

16.2 Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you or a franchisee modifies). You must provide us at least 14 days from receipt of materials to provide you a response as whether the materials are approved. If after 30 days you have not been notified, you can deem the materials disapproved. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). Similarly, you must ensure that all advertising materials used by franchisees within the Development Territory are approved by us prior to use in accordance with the terms of the Franchise Agreements.

16.3 Online Marketing and Website. You may not maintain your own website or solicit franchisees on the Internet or on any social media site or through any other electronic, mobile or digital device, method or system without our prior approval. Specifically, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network (including social network services and social media sites such as Facebook, Twitter and LinkedIn) in connection with your Business except as we specifically approve or require. We may impose mandatory marketing requirements that involve the use of the Internet or social media sites from time to time, including the use of micro-sites that you will administer in accordance with our policies and other requirements. If we do so, you agree to comply with all policies and procedures we specify from time to time. If we allow you to operate a micro-site or other website, we will own your domain name and associated URLs at all times. You will pay for all costs associated with maintaining the micro-site or other website. You may not apply for or acquire any domain name or URL that includes any of the Marks without our prior written consent. You agree to comply with any social media policy that we may develop.

## 17 **OPERATING STANDARDS**

17.1 Area Representative Manual. We may provide you with mandatory instructions and/or optional recommendations relating to the specific methods, policies, procedures and quality standards by which you will perform your obligations under this Agreement and assist us with the administration of the Franchise System within the

Development Territory. We may also provide you with guidance on the legalities associated with offering and selling franchises, although you remain solely responsible for legal compliance and hiring your own attorney to advise you on these issues. Any such information, regardless of form (including written or electronic materials, videos, tutorials, training modules, pictures, recordings, etc.) shall be deemed part of and referred to as the “AR Manual,” which shall be binding on you. You agree to comply with all mandatory provisions of the AR Manual, while recognizing that any personnel policies or procedures which are made available in the AR Manual are for your personal use and are not mandatory. The AR Manual may contain, among other things, policies and procedures, legal compliance topics, service and support functions, training requirements, sourcing requirements and supplier information, reporting and accounting requirements, marketing and promotional requirements, brand enforcement requirements, and any other information that we deem relevant and that is not inconsistent with the terms of this Agreement. The AR Manual may also include online training programs. You understand that we have the right to modify the Franchise System from time to time and that the flexibility to make such modifications is critical to the success of the Franchise System. Accordingly, you agree that we may modify the AR Manual from time to time and you agree to comply with all such modifications.

17.2 Standards of Operation. You agree to: (i) comply with the uniform standards that we establish from time to time; and (ii) require all franchisees in the Development Territory to comply with such standards. You agree to implement and support the Operating System in the Development Territory so as to maintain and enhance uniform standards and operations throughout the entire Franchise System. You agree to give prompt, courteous and efficient service, and to be governed by the highest ethical standards of fair dealing and honesty when dealing with the public and all existing and prospective franchisees in order to preserve and enhance the identity, reputation and goodwill built by the Operating System and the value of the Marks.

17.3 Authorized Goods and Services. You agree to provide franchisees with all goods and services and engage in all related activities that we require from time to time in our commercially reasonable discretion. You may not offer or provide any other goods or services or engage in any other activities in connection with your Business without our prior written permission. We may, without obligation to do so, modify the services you are authorized to provide, and you must do the same upon notice from us.

17.4 Suppliers and Purchases.

(a) Required Purchases. You agree to purchase or lease all products, supplies, equipment and other items specified in the AR Manual from time to time. The foregoing items must be obtained by you prior to commencing operation of the Business (and must be replaced on an as needed basis) and must be maintained in good working order throughout the Term.

(b) Equipment Maintenance and Changes. You agree to maintain all equipment used in connection with the Business in good condition. You shall promptly replace or repair any equipment that is damaged, worn-out or obsolete. Upon our request, you agree to replace, repair or change your equipment within the time periods that we reasonably prescribe. You understand that we may require substantial changes to your equipment, which may require you to make significant additional investments.

(c) Software and Technology. You must purchase or license, as applicable, and utilize all software and technology that we specify from time to time. We can change the software or technology you must use at any time. At any time, we may also develop proprietary software or technology that must be used by all of our area representatives. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use

of the software or technology plus a reasonable administrative fee. All fees and costs referenced in this Section shall be due and payable within 10 days after invoicing or as we otherwise specify from time to time.

(d) Suppliers. To enable us to control the quality and consistency of items and/or services used, sold, displayed or distributed in Glosslab Stores and to protect the confidentiality of our trade secrets, you agree to ensure that all source restricted goods and services used, sold, displayed, or distributed in Glosslab Stores are purchased from only those sources designated or approved by us from time to time. We may also require that you purchase certain items from approved or designated suppliers. All current designated and approved suppliers are identified in the AR Manual (for your source restricted purchases) or the Franchisee Operations Manual (for source restricted purchases made by Glosslab franchisees). If you wish to purchase or lease, or allow franchisees to purchase or lease, any such items from a non-approved supplier, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval upon the supplier's failure to meet any of our then current minimum standards and specifications. We may require that you reimburse us for all costs that we incur in reviewing a supplier and/or product that you propose.

**18 ADVISORY COUNCIL.** We may, but need not, create an area representative advisory council to provide us with suggestions to improve the Franchise System and the method of operation of area representatives. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counterproductive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Each member would be granted one (1) vote on all matters on which members are authorized to vote. We may dissolve the advisory council at any time in our sole discretion.

## **19 RESTRICTIVE COVENANTS.**

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

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

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

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

19.5 Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who have access to any of our Know-how sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement, including reasonable attorneys’ fees and court costs.

19.6 Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Glosslab franchisees and area representatives benefits you and the Owners in that it prevents others from unfairly competing with you; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 19 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.

19.7 Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 19 will cause substantial and irreparable damage to us and/or other Glosslab franchisees and area representatives for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 19 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 19.

## 20 YOUR OTHER RESPONSIBILITIES

### 20.1 Reports and Records.

(a) Books and Records. You agree to prepare and maintain at your office full, complete and accurate books, records, accounts and tax returns pertaining to the Business throughout the Term and for a period of at least five (5) years thereafter. Without limiting the generality of the foregoing, the books and records must contain all reports that the franchisees are required to provide to you, copies of all correspondence between you and the franchisees, all Evaluation Reports, Material Communications and any other information specified in the AR Manual. Within seven (7) days of our request, you agree to provide us with copies of any of your books or records that we request.

(b) Periodic Reports. You agree to prepare all reports that we request in the form and manner that we specify, which includes any reports measuring the financial health and performance of your Development Territory. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer system that allows us to electronically retrieve information concerning the operations of your Business, you agree that we will have the right to electronically poll your computer to retrieve and compile information regarding your operations at any time and without notice.

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

20.2 Compliance with Laws. You agree to perform all activities contemplated or authorized under this Agreement, the Franchise Agreements or otherwise, in compliance with all applicable laws, rules and regulations. Without limiting the generality of the foregoing, in connection with your solicitation of franchisees, you shall comply with, and conduct all franchise promotion, advertising, and other activities in accordance with, all applicable franchise laws regulating the offer and sale of franchises or the relationship between franchisors and franchisees. You must notify us of any changes to these laws that you become aware of. You understand that it is your responsibility to identify and comply with these laws. You agree to secure and maintain in force all required licenses, permits and bonding relating to the operation of your Business.

20.3 Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) “all risk” property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate; (iii) errors and omission insurance, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate; (iv) worker’s compensation insurance and employer’s liability insurance as required by law; and (v) any other insurance that we specify in the AR Manual from time to time. You agree to provide us with proof of coverage on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which your Business is

operated. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

20.4 AR Meetings. You agree to attend any weekly, biweekly, or monthly virtual meetings we hold with area representatives to discuss best practices, sales, soliciting, and general health and performance of the Glosslab System. You will contribute to these meetings any required deliverables or reports we may require or request.

## 21 INSPECTIONS AND AUDITS

21.1 Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your area representative office, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include, among other things: (i) monitoring your provision of services to and interactions with franchisees; (ii) contacting your employees; and (iii) contacting franchisees in your Development Territory to discuss their satisfaction with the services provided by you or to discuss any other matter that we deem appropriate. We may conduct our evaluation at any reasonable time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

21.2 Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. Any audit will be performed at our cost and expense unless (i) the audit reveals a material default by you or (ii) the audit is required due to your failure to provide us with a required report or financial statement, in which case you must reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements and late report fee, if applicable, will be due 10 days after invoicing.

## 22 INTELLECTUAL PROPERTY

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



Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

22.2 Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole discretion, including by changing the Marks, the Operating System, the Franchise System, the Copyrights and/or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property and you waive all claims related thereto.

22.3 Use of Marks. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours. You may not use our Marks together with the trademarks, service marks, logos or commercial symbols of any other brand without our prior written consent.

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

22.5 Improvements. If you conceive of or develop any improvements or additions to the Franchise System, the Operating System, the goods or services offered, or the method of operation of, a Glosslab Store or area representative business, or any advertising or promotional ideas related thereto (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we or our affiliates authorize to operate a Glosslab Store or area representative business, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees or area representatives develop that we authorize for general use in connection with the operation of a Glosslab Store or area representative business.

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

**23 INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the establishment, development, marketing or operation of your Business; (ii) the solicitation of franchises, including, but not limited to, improper disclosure or alleged misrepresentations by you or your agents, by statement or omission, in connection with the solicitation of a franchise (except if the only alleged misrepresentation relates to a material fact that we provided to you or that we incorporated into our Multi/Single Unit Franchise Disclosure Document without input from you); or (iii) your performance and/or breach of any of your obligations under this Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and employees and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you, your Owners and/or employees based upon: (i) the violation of any franchise law caused by materially misleading information that we included in our Multi/Single Unit Franchise Disclosure Document (without input from you) that is provided to a third party franchisee in your Development Territory; (ii) our breach of any material term of a Franchise Agreement that we enter into with a third party franchisee located in your Development Territory; or (iii) the violation of any third party's intellectual property rights based upon your use of our Marks in strict compliance with the terms of this Agreement, the Franchisee Operations Manual and the AR Manual. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

## **24 TRANSFERS**

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

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

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, qualifications, credentials, aptitude and financial resources to own and operate a representative business and meets all of our other then-applicable standards for area representatives;

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

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program; the transferee and its owners and employees, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the area representative business;

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

(v) you or the transferee pay us a \$10,000 transfer fee for the first Glosslab Store, plus \$500 for each additional Glosslab Store in your area development territory to defray expenses that we incur in connection with the Transfer;

(vi) you or the transferee pay us a \$1,000 non-refundable processing fee paid to us upon transfer request, which gets credited against the actual transfer fee if the transfer occurs.

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

(viii) unless we agree to the contrary, you assign all Franchise Agreements you have entered into with us to the same transferee (or at our option, the transferee signs our then-current form of Franchise Agreement for each transferred franchise), and you comply with all of the conditions for transfer set forth in such Franchise Agreements;

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

(x) we do not elect to exercise our right of first refusal described in Section 24.5; and

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

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

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

24.4 Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 24.2. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the AR Manual for a continuous period of at least three (3) months.

24.5 Our Right of First Refusal. If you or an Owner desire to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of

the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of [Section 24.2](#) (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

## 25 TERMINATION

25.1 **By You.** You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 120 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in [Section 19](#) and all other obligations that survive the expiration or termination of this Agreement.

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

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

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

(iii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business and you fail to overturn the suspension or revocation within 30 days;

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

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

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

(vii) if your Managing Owner ceases to actively manage the Business for any reason and you

fail to find an approved substitute Managing Owner that successfully completes our training program within 90 days after the Managing Owner ceases active management or supervision;

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

(ix) if you or an Owner makes an unauthorized Transfer;

(x) if you fail to satisfy any of your Minimum Development Obligations;

(xi) if you or an Owner breach any of the restrictive covenants described in Section 19

(xii) if you or an Owner makes an unauthorized use of the Intellectual Property;

(xiii) if you breach this Agreement three (3) or more times during any 12-month period, regardless of whether such breaches are cured; or

(xiv) if we terminate any other agreement between you (or an affiliate of yours) and us (including a Franchise Agreement) or if any affiliate of ours terminates any agreement between you (or an affiliate of yours) and our affiliate because of your default.

25.3 Additional Conditions of Termination. In addition to our termination rights in Section 25.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the AR Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30- day notice period. If we deliver a notice of default to you pursuant to this Section 25.3, we may suspend performance of any of our obligations under this Agreement (including payment of commissions) until you fully cure the breach.

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

**26 POST-TERM OBLIGATIONS.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease using the Intellectual Property (except to the extent authorized by a Franchise Agreement that remains in good standing subsequent to the termination, expiration or Transfer of this Agreement);

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

(iii) comply with all covenants described in Section 19 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

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

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

(vi) provide us with a copy of all of your files and information pertaining to former, existing and prospective franchisees;

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

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

**27 DISPUTE RESOLUTION.** The Parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the Parties (a “Dispute”) to mediation before a mutually-agreeable mediator prior to arbitration or litigation, unless the Dispute involves payment of monies owed to us, your failure to meet the development schedule, or an alleged breach of Section 19 or Section 22. Any mediation shall take place in the county in which we maintain our principal place of business at the time the mediation begins (currently, Miami-Dade, Florida). If the Dispute is not successfully resolved by mediation within 90 days after either party makes a demand for mediation, then the Dispute shall be settled by binding arbitration conducted in Miami-Dade County, Florida, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings shall be held by a single arbitrator mutually agreed upon by the Parties or otherwise appointed by the Circuit Court for the State of Florida and located in Miami-Dade County, Florida. The decision of the arbitrator shall be final and binding upon the Parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction. If we or you must enforce this Agreement in an arbitration or judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. **UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE NOT RESOLVED BY MEDIATION (OTHER THAN FOR PAYMENT OF MONIES OWED TO US, YOUR FAILURE TO MEET THE DEVELOPMENT SCHEDULE OR A VIOLATION OF SECTION 19 OR SECTION 22) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. THE PARTIES IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.**

**28 YOUR REPRESENTATIONS.** YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE MULTI/SINGLE UNIT FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT

OR THE MULTI/SINGLE UNIT FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR MULTI/SINGLE UNIT FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES AND AREA REPRESENTATIVES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES AND AREA REPRESENTATIVES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE HAVE NEGOTIATED AREA REPRESENTATIVE AGREEMENTS WITH CERTAIN AREA REPRESENTATIVES AND YOU ARE NOT ENTITLED TO THE SAME OR SIMILAR NEGOTIATED TERMS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

## **29 GENERAL PROVISIONS**

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

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

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

29.4 Waivers. The Parties may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. Neither Party shall be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of the Term) by virtue of:

(i) any custom or practice of a Party at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of a Party to exercise any right under this Agreement or to insist upon exact compliance by the other Party with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other franchisees or area representatives; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

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

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

29.7 Binding Effect. This Agreement is binding upon the Parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 20.3 and you, your Owners and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 20.3 and Section 23, respectively.

29.8 Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 17.1 AND SECTION 29.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both Parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the Parties, and there are no other oral or written understandings or agreements between the Parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the AR Manual, as may be amended front time to time in the future, are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the Parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The Parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both Parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Multi/Single Unit Franchise Disclosure Document.

29.9 Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the Parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the Parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our



franchisees and area representatives generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee or area representative; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

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

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

29.12 Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural, and the masculine and neuter usages include the other and the feminine and the possessive. If we allow you to operate one or more Glosslab Stores through an affiliate, each reference to “you” with respect to the Glosslab Store shall be deemed to refer to your affiliate.

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

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

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

YOU: As set forth below your signature on this Agreement

US: Glosslab Franchising, LLC  
1821 Purdy Ave.,  
Miami Beach, FL 33139

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

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

**FRANCHISOR:**

Glosslab Franchising, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Its:  
\_\_\_\_\_

**FRANCHISEE**

**YOU (If you are an entity):**

**YOU (If you are not an entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Area Representative's Principal Business Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## ATTACHMENT “A”

### **Definitions**

“*Agencies*” is defined in Section 26.

“*Agreement*” is defined in the Introductory Paragraph. “*AR*

*Manual*” is defined in Section 17.1.

“*Area Representative Rights*” means the right and obligation to solicit, screen, recruit, develop, service and support Glosslab franchises in a specified geographical territory.

“*Business*” means the business of soliciting, screening, recruiting, developing, servicing and supporting Glosslab franchises in a specified geographical territory.

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

“*Competitive Business*” means any business that: (i) offers manicures, pedicures, and nail polishing services or related services or products, (ii) manufactures, sells, licenses or otherwise distributes by way of retail or wholesale products which accompany or are related to hand and foot beauty services, including lotions, polishes, or creams; (iii) services, trains or supports any business that is competitive with us that offers fitness and exercise services; and/or (iv) that otherwise competes with us, our Affiliates or the Franchise System (including through franchising) in general, as such businesses have been conducted, are proposed to be conducted or are being conducted, in each case, during the term of the AR Agreement. A Competitive Business does not include a Glosslab Store operating pursuant to a franchise agreement with us.

“*Confidentiality Agreement*” means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as Attachment “E”.

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

“*Development Fee*” is defined in Section 5. “*Development*

*Schedule*” is defined in Section 13.1. “*Development*

*Territory*” is defined in Section 2(c). “*Dispute*” is defined in

Section 27.

“*Effective Date*” is defined in the Introductory Paragraph.

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

“*Evaluation Reports*” is defined in Section 15.3.

“*Franchise Agreement*” means a Franchise Agreement signed by us and a franchisee (including you) for the operation of a Glosslab Store within the Development Territory.

“*Multi/Single Unit Franchise Disclosure Document*” means our franchise disclosure document that is required by applicable law to be prepared and provided by (i) us to you in connection with the offer and sale of the Area Representative Rights or (ii) us to you or a franchisee in connection with the offer and sale of a single or multiple Glosslab franchise(s), as the case may be.

“*Franchisee Operations Manual*” means the operations manual provided to all Glosslab franchisees relating to our standards and procedures for the operation of a Glosslab Store in accordance with the Operating System.

“*Franchise System*” is defined in Section 2(c).

“*Improvements*” is defined in Section 22.5.

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

“*Intellectual Property*” means, collectively or individually as the context may require, the Marks, Copyrights, Know-How, Improvements, Franchise System and Operating System.

“*Interim Manager*” is defined in Section 8.3. “*Interim Term*” is defined in Section 7.3.

“*Know-how*” means all of our and our affiliates’ trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Glosslab Store or area representative business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the Franchise System, the Operating System, the AR Manual and the Franchisee Operations Manual.

“*Losses and Expenses*” means, without limitation, all compensatory, exemplary, and punitive damages; lost profits; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to the indemnified party’s reputation and goodwill; and all other costs, damages, liabilities, losses, charges, and expenses associated with any of the foregoing losses and expenses or incurred by the indemnified party as a result of an indemnifiable event.

“*Managing Owner*” means [REDACTED] or any other individual subsequently designated by you and approved by us to serve as a substitute Managing Owner.

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

“*Material Communications*” is defined in Section 15.4. “*Minimum Development Obligations*” is defined in Section 13.1. “*Minimum Qualifications*” is defined in Section 13.3. “*Operating System*” is defined in Section 2(b).

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

“*Parties*” is defined in the Introductory Paragraph.

“*Permitted Transfer*” means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner that results in the Managing Owner holding less than a controlling ownership interest in the franchise and/or area representative Entity; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

“*Post-Term Restricted Period*” means a period of 24 months after the termination, expiration or Transfer of this Agreement.

“*Prohibited Activities*” is defined in Section 19.3.

“*Glosslab Store*” is defined in Section 2. “*Successor*

*Agreement*” is defined in Section 7.1. “*Term*” is

defined in Section 7.1.

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

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

“*You*” is defined in the Introductory Paragraph.

ATTACHMENT “B”

**Development Territory**

The Development Territory consists of the following geographic area:

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[Attach Map if Appropriate]

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

ATTACHMENT “C”

**Franchise Owner Agreement**

*[See Attached]*

## FRANCHISE OWNER AGREEMENT

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

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

“*AR Agreement*” means the Glosslab Area Representative Agreement executed by Area Representative with an effective date of \_\_\_\_\_.

“*Area Representative*” means \_\_\_\_\_.

“*Competitive Business*” means any business that: (i) offers manicures, pedicures, and nail polishing services or related services or products, (ii) manufactures, sells, licenses or otherwise distributes by way of retail or wholesale products which accompany or are related to hand and foot beauty services, including lotions, polishes, or creams; (iii) services, trains or supports any business that is competitive with us that offers fitness and exercise services; and/or (iv) that otherwise competes with us, our Affiliates or the Franchise System (including through franchising) in general, as such businesses have been conducted, are proposed to be conducted or are being conducted, in each case, during the term of the AR Agreement. A Competitive Business does not include a Glosslab Store operating pursuant to a franchise agreement with us.

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

“*Franchised Business*” means the area representative business operated by Area Representative pursuant to the AR Agreement.

“*Franchise System*” means the Glosslab franchise system.

“*Improvements*” means any additions, modifications or improvements to the Franchise System, the Operating System, the goods or services offered, or the method of operation of, a Glosslab Store or area representative business, or any advertising or promotional ideas related thereto, whether developed by you, Area Representative or any other person.

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

“*Know-how*” means all of our and our affiliates’ trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Glosslab Store or area representative business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the Franchise System, the Operating System, the AR Manual and the Franchisee Operations Manual.

“*Manuals*” means, collectively, our franchisee confidential operations manual for the operation of a Glosslab Store and our AR confidential operations manual for the operation of an area representative business.

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



“*Operating System*” means the operating system used by Glosslab Stores, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

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

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

“*Restricted Territory*” means the Development Territory granted to Area Representative pursuant to the AR Agreement.

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

### **3. Brand Protection Covenants.**

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

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

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the

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

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

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

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

**4. Transfer Restrictions.** If you are an owner of Area Representative, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Area Representative. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Area Representative except in accordance with the terms and conditions set forth in Section 24.2 of the AR Agreement.

**5. Financial Security.** In order to secure Area Representative's financial obligations under the AR Agreement and all ancillary agreements executed by Area Representative in connection with the AR Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related

to payments owed to us (collectively, the “Secured Agreements”), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Area Representative shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Area Representative or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Area Representative and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Area Representative fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Area Representative or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of one or more of the Secured Agreements by a trustee of Area Representative. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

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

## **7. Miscellaneous.**

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

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

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

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

and geographic area.

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

*[Left Blank Intentionally, Signature Page to Follow]*

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

**OWNER / SPOUSE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**OWNER / SPOUSE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

ATTACHMENT “D”

**Development Schedule**

You agree to comply with the following Minimum Development Obligations as specified in Section 13.1 of the Agreement:

| Development Period Ending*   | Total Glosslab Stores to Be Opened During Period | Cumulative Number of Glosslab Stores in Operation |
|------------------------------|--------------------------------------------------|---------------------------------------------------|
| 1 year after Effective Date  |                                                  |                                                   |
| 2 years after Effective Date |                                                  |                                                   |
| 3 years after Effective Date |                                                  |                                                   |
| 4 years after Effective Date |                                                  |                                                   |
| 5 years after Effective Date |                                                  |                                                   |

ATTACHMENT “E”

**Form of Confidentiality Agreement**

*[See Attached]*

## Confidentiality Agreement

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Glosslab Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

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

“*Business*” means the business of soliciting, screening, recruiting, developing, servicing and supporting Glosslab franchises in a specified geographical territory.

“*Area Representative*” means the Glosslab representative for whom you are an officer, director, employee or independent contractor.

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

“*Franchise System*” means the Glosslab franchise system.

“*Improvements*” means any improvement or addition to the services or products offered at a Glosslab Store, the Operating System, the Franchise System, or any advertising or promotional ideas relating to a Glosslab Store or area representative business, that are conceived of or developed by you, Area Representative or another franchisee or area representative that we authorize for use in the Franchise System or Operating System.

“*Intellectual Property*” means, collectively or individually, the Marks, Copyrights, Know-how, Improvements, Franchise System and Operating System.

“*Know-how*” means all of our and our affiliates’ trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Glosslab Store or area representative business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the Franchise System, the Operating System, the AR Manual and the Franchisee Operations Manual.

“*Manuals*” means, collectively, our franchisee confidential operations manual for the operation of a Glosslab Store and our AR confidential operations manual for the operation of an area representative business.

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

“*Operating System*” means the operating system used by Glosslab Stores, the distinctive characteristics of which include logo, proprietary techniques and products, confidential brand standards manual and operating system.

“*Glosslab Store*” a nail salon that operates under the name “Glosslab” and specializes in providing high-end manicure, pedicure, and other nail care related services in a retail setting.

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



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

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

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

**6. Miscellaneous.**

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

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

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

*[Intentionally Left Blank, Signature Page to Follow]*

This Confidentiality Agreement is executed as of the date set forth below.

**RESTRICTED PARTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

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

**WITNESS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT "D"

### TO DISCLOSURE DOCUMENT

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**EXHIBIT "E"**  
**TO DISCLOSURE DOCUMENT**  
**LIST OF AREA REPRESENTATIVES**

**Part A (Current Area Representatives)**

| State | City | Address | Phone | Owner Name(s) |
|-------|------|---------|-------|---------------|
| None  |      |         |       |               |

**Part B (Former Area Representatives Who Left System During Prior Fiscal Year)**

| State | City | Address | Phone | Owner Name(s) |
|-------|------|---------|-------|---------------|
| None  |      |         |       |               |

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

**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

[See Attached]

**GLOSSLAB FRANCHISING, LLC**

**FINANCIAL STATEMENT**

**MAY 23, 2023**



GLOSSLAB FRANCHISING, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
Glosslab Franchising, LLC

### **Opinion**

We have audited the balance sheet of Glosslab Franchising, LLC (a Delaware Limited Liability Company), as of May 23, 2023, and the related notes (the financial statement).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of Glosslab Franchising, LLC as of May 23, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

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

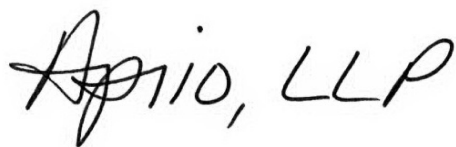
### **Auditors' Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statement.

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 statement, 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 statement.
- 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 Glosslab Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Glosslab Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, flowing style.

New York, New York

July 24, 2023

GLOSSLAB FRANCHISING, LLC  
BALANCE SHEET  
MAY 23, 2023

ASSETS

Current assets

Cash

\$ 500,000

Total assets

\$ 500,000

MEMBER'S EQUITY

Member's equity

\$ 500,000

Member's equity

\$ 500,000

See auditors' report and accompanying notes

GLOSSLAB FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENT  
MAY 23, 2023

**Note A**  
**Summary of Significant Accounting Policies**

Nature of Operations:

Glosslab Franchising, LLC, (the "Company"), a limited liability company, was formed on February 10, 2023, in the state of Delaware. The Company is a wholly owned subsidiary of Glosslab Ventures, LLC. The Company's principle purpose is to offer and sell franchises throughout the United States, operating as Glosslab Stores, which specialize in high-end manicure, pedicure and other nail care services, as well as sells proprietary nail care products. On May 23, 2023, the member contributed \$500,000 to the Company.

Use of Estimates:

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

Cash and Cash Equivalents:

For the purpose of the statement, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at one commercial bank, this balance can at times exceed the FDIC insured deposit limit of \$250,000 per financial institution. At May 23, 2023, the Company's cash balances held at this financial institution exceeded the FDIC limit by \$250,000. The Company has not experienced any losses through the date in which the financial statements were available to be issued.

Income Taxes:

The Company, with the consent of its member, has elected under the Internal Revenue Code and similar state statutes to be a Limited Liability Company. In lieu of federal corporate income taxes, the member of an Limited Liability Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision for income taxes has been included in the financial statements. Upon initial filing, the Company's tax return will be subject to examinations by tax authorities once filed. In addition, management has assessed tax positions of the Company and determined that there is a less than 51 percent likelihood that a tax position will not be sustained in an examination by the applicable taxing authority resulting in a tax liability to the Company.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

GLOSSLAB FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENT  
MAY 23, 2023

**Note B**  
**Subsequent Events**

The Company evaluated subsequent events through July 24, 2023, when the financial statement was available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have an material impact on the financial statement.

**EXHIBIT "G"**

**TO DISCLOSURE DOCUMENT**

**Franchisee Disclosure Questionnaire**

**The Franchise Disclosure Questionnaire is not applicable in the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin**

*[See Attached]*

**Do not sign this Disclosure Questionnaire  
if you are a resident of Maryland  
or the business is to be operated in Maryland**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

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

- Yes\_\_ No\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes\_\_ No\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes\_\_ No\_\_ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes\_\_ No\_\_ 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes\_\_ No\_\_ 5. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes\_\_ No\_\_ 6. Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?
- Yes\_\_ No\_\_ 7. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes\_\_ No\_\_ 8. Have you discussed the benefits and risks of developing and operating a Glosslab franchise with an existing Glosslab franchisee?
- Yes\_\_ No\_\_ 9. Do you understand the risks of developing and operating a Glosslab franchise?
- Yes\_\_ No\_\_ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes\_\_ No\_\_ 11. Do you understand all disputes or claims you may have arisen out of or relating to the Franchise Agreement must be litigated in Florida, if not resolved informally or by mediation?



Yes\_\_ No\_\_ 12. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?

Yes\_\_ No\_\_ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Glosslab franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_ 15. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Glosslab franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_ No\_\_ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Glosslab business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

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

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

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

**EXHIBIT "H"**  
**TO DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA**

*[See attached]*

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
GLOSSLAB FRANCHISING, LLC  
STATE OF 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.

The following paragraphs are added to the disclosure document:

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

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.

The Franchise Compliance Certificate is not applicable in California.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

**California Law Regarding Termination and Nonrenewal.** California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control.

**Termination Upon Bankruptcy.** The Area Representative Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

**Post-Termination Noncompetition and Non-solicitation Covenants.** The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law. The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Section 19 of the Area Representative Agreement that is disclosed in Item 17, rows q and r.

**Applicable Law.** The Area Representative Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

**RIDER TO  
GLOSSLAB FRANCHISING, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN CALIFORNIA**

This Rider is entered into this \_\_\_\_\_ (the “Effective Date”), between **GLOSSLAB FRANCHISING, LLC** (“we,” “us” or “our”), and \_\_\_\_\_ (“you” or “your”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Area Representative Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

3. **Non-Solicitation.** The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in the Agreement that is disclosed in Item 17, rows q and r.

4. **Waiver of Punitive Damages and Limitations of Claims.** Section 27 of the Agreement is amended by adding the following:

These provisions may violate California Corporations Code section 31512, since Corporations Code section 31300 provides for damages without limitation, 31303 provides a four-year statute of limitations, 31304 provides a two-year statute of limitations for certain claims under the California Franchise Investment Law.

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

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Effective Date, regardless of the actual date of signature.

“YOU”

“WE”

*GLOSSLAB FRANCHISING, LLC*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ADDENDUM**  
**TO FRANCHISE DISCLOSURE DOCUMENT FOR**  
**GLOSSLAB FRANCHISING, LLC**  
**STATE OF ILLINOIS**

The following is added to the disclosure document:

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

The following is added to Item 17 of the disclosure document:

Illinois law governs the Area Representative Agreement(s).

Section 4 of the Illinois Franchise Disclosure Act states that any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, an Area Representative 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 Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

**RIDER TO  
GLOSSLAB FRANCHISING, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN ILLINOIS**

This Rider is entered into this \_\_\_\_\_ (the “**Effective Date**”), between **GLOSSLAB FRANCHISING, LLC** (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_ (“**you**” or “**your**”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”) and amends the Area Representative Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 25 of the Agreement:

The conditions under which this franchise can be terminated and a franchisee’s rights upon nonrenewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

3. **Questionnaires and Acknowledgements.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. **Governing Law and Jurisdiction.** Section 29 of the Agreement is amended by adding the following:

Illinois law governs the Area Representative Agreement(s). Section 4 of the Illinois Franchise Disclosure Act states that any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

5. **No Waiver.** Be advised that any condition, stipulation, or provision purporting to bind any person requiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Law or any other law of Illinois is void.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

*GLOSSLAB FRANCHISING, LLC*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**ADDENDUM**  
**TO FRANCHISE DISCLOSURE DOCUMENT FOR**  
**GLOSSLAB FRANCHISING, LLC**  
**STATE OF MARYLAND**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Maryland.

Item 17 is amended by adding the following language after the table:

Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the Area Representative Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

The Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation state that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

**RIDER TO  
GLOSSLAB FRANCHISING, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN MARYLAND**

This Rider is entered into this \_\_\_\_\_ (the “Effective Date”), between **GLOSSLAB FRANCHISING, LLC** (“we,” “us” or “our”), and \_\_\_\_\_ (“you” or “your”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Area Representative Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **No Release, Estoppel or Waiver of State Law.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **Jurisdiction.** Any litigation arising from claims under Maryland Law may be brought by the Franchisee in Maryland.

4. **Limitation on Claims.** Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Maryland Law. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

5. **General Release.** Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

*GLOSSLAB FRANCHISING, LLC*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ADDENDUM**  
**TO FRANCHISE DISCLOSURE DOCUMENT FOR**  
**GLOSSLAB FRANCHISING, LLC**  
**STATE OF MINNESOTA**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Minnesota.

Item 17, summary column for (f) is amended to add the following:

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 for non-renewal of the Area Representative Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act. Minnesota Rules 2860.4400(D) [revisor.leg.state.mn.us] prohibits a franchisor from requiring a franchisee to assent to a general release.

Item 17, summary columns for (v) and (w) are amended to add the following:

Minnesota Statute 80C.21 [revisor.leg.state.mn.us] and Minnesota Rule 2860.4400(J) [revisor.leg.state.mn.us] prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C [revisor.leg.state.mn.us] or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. e. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G) [revisor.mn.gov]. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5. [revisor.leg.state.mn.us].

NSF checks are governed by Minnesota Statute 60-5.113, which puts a cap of \$30 on service charges.

**RIDER TO  
GLOSSLAB FRANCHISING, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN MINNESOTA**

This Rider is entered into this \_\_\_\_\_ (the “Effective Date”), between GLOSSLAB FRANCHISING, LLC (“we,” “us” or “our”), and \_\_\_\_\_ (“you” or “your”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Area Representative Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Insufficient Funds.** Insufficient Funds checks are governed by Minnesota Statute 60-5.113, which puts a cap of \$30 on service charges

3. **Transfer.** Section 24 of the Agreement is amended to add the following:

Our consent to the transfer of the franchise will not be unreasonably withheld. Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act. Minnesota Rules 2860.4400(D) [revisor.leg.state.mn.us] prohibits a franchisor from requiring a franchisee to assent to a general release.

4. **Expiration of this Agreement.** Section 7 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subsds. 3, 4, and 5, which require, except in certain specified cases, that you be given 180 days’ notice of non-renewal of the Area Representative Agreement.

5. **Termination.** Section 25 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subsds. 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). Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act. Minnesota Rules 2860.4400(D) [revisor.leg.state.mn.us] prohibits a franchisor from requiring a franchisee to assent to a general release.

6. **Jurisdiction.** The following is added to Section 29:

Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Area Representative Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

7. **Waiver of Jury Trial.** The jury trial waiver in Section 27 of the Agreement is deleted in its entirety.

8. **Limitation of Claims.** Section 27 is amended to add the following:

No action may be commenced for claims coming under Minnesota Law more than 3 years after the cause of action accrues.

9. **Injunctive Relief.** The Franchisee does not consent to the Franchisor obtaining injunctive relief for any matters coming under Minnesota Law; but the Franchisor may seek such injunctive relief.

10. **General Release.** Pursuant to Minn. Rule 2860.4400D the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Minnesota Franchise Act.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

*GLOSSLAB FRANCHISING, LLC*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
GLOSSLAB FRANCHISING, LLC  
STATE OF NEW YORK**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in New York.

The following information is added to the cover page of the disclosure document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST 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.

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

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

The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

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

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

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

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

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

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

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

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
GLOSSLAB FRANCHISING, LLC  
STATE OF NORTH DAKOTA**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in North Dakota.

The Summary column of Item 17 paragraph (c) of the disclosure document is modified to read as follows:

Give us at least 90 days' notice of your intention to renew, sign our current form of Area Representative Agreement and ancillary agreements, and sign a release (except for matters coming under the North Dakota Franchise Investment Law the "ND Law").

The Summary column of Item 17 paragraph (r) of the disclosure document is modified by adding the following at the end of the sentence:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

The Summary column of Item 17 paragraph (u) of the disclosure document is amended by adding the following at the end of the paragraph:

Except that matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location.

The Summary column of Item 17 paragraph (v) of the disclosure document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in Miami-Dade County, Florida.

The Summary column of Item 17 paragraph (w) of the disclosure document is amended to read as follows:

Except for matters coming under the ND Law, the law of Florida (subject to state law).

The Franchisee is not required to waive jury trial for any matters coming under ND Law.



**RIDER TO  
GLOSSLAB FRANCHISING, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN NORTH DAKOTA**

This Rider is entered into this \_\_\_\_\_ (the “Effective Date”), between **GLOSSLAB FRANCHISING, LLC** (“we,” “us” or “our”), and \_\_\_\_\_ (“you” or “your”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Area Representative Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “ND Law”).

3. **Post-Term Competitive Restrictions.** Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.

4. **Jurisdiction.** All matters coming under the ND Law may be brought in the courts of North Dakota

5. **Limitation of Claims.** The statute of limitations under ND Law applies to all matters coming under ND Law.

6. **Governing Law.** This Agreement will be governed by North Dakota law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

*GLOSSLAB FRANCHISING, LLC*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ADDEMDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
GLOSSLAB FRANCHISING, LLC  
STATE OF RHODE ISLAND**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Rhode Island.

The following sentence is added to Item 17 (v) and (w): A provision in an Area Representative Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**ADDEMDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
GLOSSLAB FRANCHISING, LLC  
STATE OF VIRGINIA**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Virginia.

Item 17(h) of the disclosure document is amended to add the following language:

Under 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 Area Representative Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**ADDEMDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
GLOSSLAB FRANCHISING, LLC  
STATE OF WASHINGTON**

The following is added to the disclosure document:

The Franchise Disclosure Questionnaire is not applicable in Washington.

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

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

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

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

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

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

Use of Franchise Brokers. The franchisor may use 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.

**RIDER TO  
GLOSSLAB FRANCHISING, LLC  
AREA REPRESENTATIVE AGREEMENT  
FOR USE IN WASHINGTON**

This Rider is entered into this \_\_\_\_\_ (the “Effective Date”), between GLOSSLAB FRANCHISING, LLC (“we,” “us” or “our”), and \_\_\_\_\_ (“you” or “your”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “parties” and individually sometimes referred to as a “party”) and amends the Area Representative Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Washington Franchise Investment Protection Act:** 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 Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

4. **Use of Franchise Brokers.** The franchisor may use 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.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

“YOU”

“WE”

*GLOSSLAB FRANCHISING, LLC*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT "I"**  
**TO DISCLOSURE DOCUMENT**  
**GENERAL RELEASE**

*[See Attached]*



## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the “Release”) is made as of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Glosslab Franchising, LLC, a Delaware limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

**WHEREAS**, Franchisor and Franchisee have entered into an Area Representative Agreement (the “Agreement”) pursuant to which Franchisee was granted the right to own and operate a Glosslab area representative business;

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

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

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

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

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

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

4. **Miscellaneous.**

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

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

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

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

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

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

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

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

*[Signature Page Follows]*

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

**FRANCHISEE**

\_\_\_\_\_, a

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE'S OWNERS**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

STATE OF \_\_\_\_\_ )

County of \_\_\_\_\_ ) ss.

\_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, by  
\_\_\_\_\_.

Notary Public

My commission expires:

\_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

STATE OF \_\_\_\_\_ )

County of \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, by  
\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, by  
\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_

## EXHIBIT "J"

### 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>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   |                       |
| Hawaii       |                       |
| Illinois     |                       |
| Indiana      |                       |
| Maryland     |                       |
| Michigan     |                       |
| Minnesota    |                       |
| New York     |                       |
| North Dakota |                       |
| Rhode Island |                       |
| South Dakota |                       |
| Virginia     |                       |
| Washington   |                       |
| Wisconsin    |                       |

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

**EXHIBIT "K"**  
**TO DISCLOSURE DOCUMENT**

**RECEIPTS**

*[See Attached]*

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 Glosslab Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Glosslab Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

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

- \_\_\_\_\_ **Rachel Glass, 49 West 23rd St., New York, NY 10010, (833) 456-7733**
- \_\_\_\_\_ **Gary Gaines, 49 West 23rd St., New York, NY 10010, (833) 456-7733**
- \_\_\_\_\_ **Michael Marrone, 1821 Purdy Avenue, Miami Beach, FL 33139, (833) 456-7733**
- \_\_\_\_\_ **Joshua Coba, 5391 Fisher Island, FL 33109, (954) 559-2303**

Issuance Date: August 11, 2023

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

I received a Franchise Disclosure Document that included the following

Exhibits: EXHIBIT "A" State Agencies and Administrators

- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Area Representative Agreement
- EXHIBIT "D" Table of Contents of Area Representative Manual
- EXHIBIT "E" List of Area Representatives
- EXHIBIT "F" Financial Statements of Glosslab Franchising, LLC
- EXHIBIT "G" Franchisee Disclosure Questionnaire
- EXHIBIT "H" State Addenda
- EXHIBIT "I" General Release
- EXHIBIT "J" State Effective Dates
- EXHIBIT "K" Receipts

\_\_\_\_\_

Date

\_\_\_\_\_

Print Name

\_\_\_\_\_

(Signature) Prospective Franchise Owner

\_\_\_\_\_

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

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 Glosslab Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Glosslab Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

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

- \_\_\_\_\_ **Rachel Glass, 49 West 23rd St., New York, NY 10010, (833) 456-7733**
- \_\_\_\_\_ **Gary Gaines, 49 West 23rd St., New York, NY 10010, (833) 456-7733**
- \_\_\_\_\_ **Michael Marrone, 1821 Purdy Avenue, Miami Beach, FL 33139, (833) 456-7733**
- \_\_\_\_\_ **Joshua Coba, 5391 Fisher Island, FL 33109, (954) 559-2303**

Issuance Date: August 11, 2023

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- EXHIBIT "A"      State Agencies and Administrators
  
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|      |                                         |
|------|-----------------------------------------|
|      | Print Name                              |
| Date | (Signature) Prospective Franchise Owner |

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